



# ***Daily Report***

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## **China**

**FBIS-CHI-88-099  
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23 May 1988**

# Daily Report

## China

FBIS-CHI-88-099

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23 May 1988

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### General

**U.S., USSR Make No Progress in Arms Talks**  
*OW230509008 Beijing XINHUA in English*  
0715 GMT 23 May 88

["News Analysis: U.S., USSR Remain at Starting Point in Arms Negotiations (by Jing Wuwu)" — XINHUA headline]

[Text] Beijing, May 23 (XINHUA)—It now looks already impossible for Washington and Moscow to sign an agreement on a 50-percent cut in the strategic offensive nuclear arms during their forthcoming summit from May 29 to June 2.

This was because of four thorny issues: Observance of the 1972 anti-ballistic missile (ABM) treaty, limitation of sea-based cruise missiles, of land-based mobile intercontinental missiles and of air-borne missiles and strategic bombers.

Shortly after U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev signed the intermediate missile forces (INF) treaty last December in Washington, the two superpowers have centered efforts on dealing with the issues.

In the last five months, their negotiators in Geneva racked brains to search for new proposals and their foreign ministers shuttled between the two capital cities and Geneva for four rounds of talks.

However, hectic haggling now seemed futile: Negotiations have come to an impasse and the two parties still remained where they were five months ago.

The issue of observing the 1972 ABM treaty is, in essence, how to tackle relations between space weapons and reduction in strategic nuclear arms and the Washington summit only gave a very vaguely-worded principle on it.

Moscow insisted that the treaty should be strictly observed and no one should test and deploy defensive weapons in space. While Washington only agreed to abide by the treaty in "a certain period" during which both sides can still continue to research, manufacture, develop and test defensive systems and the United States is allowed to proceed with its "Star Wars" program.

The Kremlin said it would not agree to the nuclear arms reduction if its above principled stand is not respected, while the White House repeatedly declared it would never make its position a "stake" in the bargaining for nuclear reduction.

As a result, the U.S. and Soviet foreign ministers this month had to content themselves with the agreement that apart from an accord on strategic nuclear arms, a "parallel" accord will be signed to reiterate the Washington summit principle on the issue.

As to the sea-based missiles, Washington is superior and would not agree to talk about limitation. However, during the last Reagan-Gorbachev meeting, it agreed to negotiate on a ceiling on condition that "effective" measures for verification be worked out.

It went back to its earlier position of opposing limitation after it found out that the Soviet measures for verification and supervision, put forward in February and March, were very difficult to effectively carry out.

As a result, the Soviets also toughened their stand, saying that without limits on sea-based weapons, they would not agree to a 50-percent strategic arms cut. To make a compromise, the Americans proposed in April to issue a statement to the effect that without any supervision, the number of sea-based cruise missiles of both countries should not exceed a certain limit.

The Soviets rejected the proposal, saying the statement would not produce "concrete results." On this issue, the negotiators have so far made no progress at all.

The Soviet Union has the upper hand in the mobile land-based missiles. It opposed a ban on the missiles proposed by the United States and only agreed to negotiate on some limits. After the Washington summit, the White House agreed to reconsider its position if "reliable measures" for verification could be found.

However, months at the negotiating table failed to bring the two sides closer: the United States now again demands an all-out ban on grounds of difficulties to find measures for verification.

On issues of air-based missiles and strategic bombers, the two sides have made some progress but failed to reach any agreement for serious differences still exist.

First, the long-range cruise missile should be classified as with a shooting range of 600 kms and above in the view of the Soviet Union, but 1,500 kms according to the United States.

Second, the Soviets hold that the number of strategic bombers and air-borne nuclear warheads should be calculated by their real numbers while the United States limits the number to 10 warheads for every bomber.

Third, in limiting the number of bombers, the Soviet Union calls for the inclusion of all the heavy strategic bombers, but the United States insists on excluding non-nuclear bombers.

With so many serious differences remaining unsolved, the United States and the Soviet Union have failed to make progress in negotiations. Therefore it is impossible to sign an agreement on a 50-percent cut in strategic arms when Reagan goes to meet Gorbachev in Moscow one week from now.

**Li Ximing Off To Bulgaria, SFRY, Iraq, Syria**  
*OW2105145388 Beijing XINHUA in English*  
*1417 GMT 21 May 88*

[Text] Beijing, May 21 (XINHUA) — A Chinese Communist Party delegation led by Li Ximing, member of the Political Bureau of the Chinese Communist Party Central Committee, left here this evening for visits to Bulgaria, Yugoslavia, Iraq and Syria.

The delegation is invited by the Bulgarian Communist Party, the League of Communists of Yugoslavia, the Arab Ba'th Socialist Party of Iraq and the Arab Ba'th Socialist Party of Syria.

**Tripartite Border Trade with DPRK, USSR Seen**  
*HK2105063488 Hong Kong WEN WEI PO in Chinese*  
*21 May 88 p 2*

[Dispatch by reporter Liu Jui-shao (0491 6904 4801): "PRC, DPRK, USSR Tripartite Border Trade; Liaoning Holds Trade Talks With Pyongyang"]

[Text] Dandong, 20 May—Today, the Border Trade Company of Liaoning Province held a meeting with all parties concerned in Dandong to discuss the issues concerning border trade with [North] Korea. During the meeting, the following issues were discussed: The possibility of unofficial trade between Liaoning Province and North Pyongan in North Korea; tripartite trade between localities in China, Korea, and the Soviet Union; and further development of border trade between China and Korea and various relevant questions.

According to Chen Jingfang, deputy manager of Liaoning Province Border Trade Company, the company signed trade contracts with the Korean side last year with a total value of 28 million Swiss francs. The target for this year is 80 million Swiss francs, an increase of more than 200 percent. He is optimistic that this target will be fulfilled. So far, the two sides have concluded barter trade transactions valued at more than 40 million Swiss francs. In these transactions China bartered 50,000 tons of maize in exchange for Korean rice. In addition, the two sides also signed contracts worth 15 million Swiss francs. The goods involved in the trade include food grain, production materials, paper pulp, and paint.

Chen Jingfang said: Border trade between Liaoning and Korea was restored in 1982, and the barter trade between the two sides reached a total of 100 million Swiss francs by the end of last year.

He said: The Soviet Union now also imports labor services from Korea and exports timber, cement, and fertilizer to Korea as compensation. However, the materials that the Korean side needs are not those materials, but everyday goods and maize that can be supplied by the Chinese side. Therefore, we are now discussing the possibility of tripartite trade. The Chinese and Korean sides have discussed this issue twice and also the issues of transportation, prices, and customs.

Chen Jingfang said finally: In the barter trade between China and Korea, Korea exports more than 70 kinds of goods to China, and fish products account for more than 70 percent of the Korean goods. Other goods supplied by Korea include liquid nitrogen and reeds. China exports more than 60 kinds of goods to Korea, including maize, soybean, bean cakes, vegetable oil, edible animal oil, soaps, cotton cloth, tires, and cultural and sports goods.

**Electronics Group To Link With World Market**  
*OW2205104388 Beijing XINHUA in English*  
*1206 GMT 21 May 88*

[Text] Nanjing, May 21 (XINHUA)—China's Panda Brand Electronics Enterprise Group plans to link into a marketing network in the United States.

This network will handle the firm's exports of broadcasting and television equipment and facilitate the development and sales of the company's high technology.

As China's largest electronics enterprise group, the firm will also soon become a partner in a Sino-Australian international trade corporation to be geared for South-east Asian markets.

The group is also making good use of foreign investment and has been cooperating with foreign business people in setting up firms which manufacture export-oriented products.

One of the group's companies, which manufactures mobile communications equipment, is a joint venture with the U.S.-based Motorola Company, and will start trial operation in Nanjing during the second half of this year.

Another is a Shenzhen-based Electronics Co., Ltd, a joint venture with some Hong Kong firms, which has already produced and exported color television sets, video recorders and other electronic products.

The 50-year-old Nanjing Radio Factory, the group's key factory, has expressed interest in economic and technological cooperation with Eastern European countries and is looking forward to a visit by Milos Jakes, general secretary of Czechoslovakia's Communist Party Central Committee. The factory's director Chen Xiangxing said, "This factory is ready to develop economic and technological cooperation with East European countries."



Founded last year, the group includes 134 enterprises in 19 provinces, municipalities or autonomous regions, employs more than 120,000, and lists fixed assets at 1.3 billion yuan (about 351 million U.S. dollars). The group's annual industrial output value hits nearly 5 billion yuan (1.4 billion U.S. dollars), which accounts for one-eighth of the electronic industry output value nationwide.

Panda Brand was China's first registered trademark on electronic products available on the international market and was first used by the Nanjing Radio Factory in 1956.

At present, some of the group's products are being exported to Hong Kong, Macao, the United States, Pakistan, Italy and other countries.

**World Financiers Meet With Rong Yiren**  
*HK2305094188 Beijing CHINA DAILY in English*  
23 May 88 p 2

[By staff reporter Xu Yuanchao]

[Text] Some of the world's leading financiers met in Beijing yesterday at the home of China's number one entrepreneur Rong Yiren.

Rong, vice-chairman of the National People's Congress Standing Committee and Chairman of the China International Trust and Investment Corporation (CITIC), has brought leading executives of the Chase Manhattan Bank of the United States to Beijing for a top level International Advisory Committee (IAC) meeting, which is held every four years.

Rong issued a unique invitation to seven American guests to a family luncheon at his home yesterday.

Those present included Willard Butcher, chairman of the Board and chief executive officer of Chase Manhattan; David Rockefeller, IAC chairman; Henry Kissinger, former U.S. secretary of state and IAC Counsellor; Winston Lord, U.S. ambassador to China; and their wives.

They were expected to take this opportunity to meet Chinese ministers and top state leaders and ask questions about China's current situation, particularly political and economic conditions, open policy and reforms after the 13th party congress and the National People's Congress, held last September and March.

The American guests, who were served some of the Rong's family's favourite dishes, held 30-minute informal talks.

Butcher said, "I want to talk about co-operation, the whole issue of joint ventures, and the economic development of China." Dr Kissinger is here to discuss political developments.

Kissinger said, "Last September, Party General Secretary Zhao Ziyang made a very fascinating and profound analysis on the reform programme and economic development of China."

He hoped Zhao would be able to talk about these subjects with other members of the delegation during their visit in Beijing.

Rong said there is both competition and co-operation in the world economy. Developing countries should strengthen co-operation with the developed nations, he said.

Rockefeller said most American investors would like to come to China because China has formulated a series of preferential policies for foreign investors over the past few years.

Butcher came to Beijing last week as the head of a 69-member banking delegation from around the world for the IAC meeting. members of the delegation representing 16 countries meet once every four years outside the U.S. to discuss the world economic situation.

Twenty-one IAC members will attend their first working session this morning and then meet Chinese ministers of Foreign Economic Relations and Trade, Foreign Affairs, Finance and the State Planning Commission. Senior officials of the delegation will meet China's top leader Deng Xiaoping tomorrow.

Other members of the delegation include Giovanni Agnelli, Chairman of Fiat S.P.A. of Italy; Jehangir R.D. Tata, Chairman of Tata & Sons Ltd. of India; and Sheikh Ahmed Juffali, managing partner of Juffali and Brothers of the United Arab Emirates.

**United States & Canada**

**Tian Jiyun Continues Canadian Visit**

**Hosted by Ontario Premier**

*OW2005125188 Beijing XINHUA Domestic Service*  
in Chinese 1120 GMT 19 May 88

[By reporter Zhang Yuanting]

[Text] Ottawa, 18 May (XINHUA)—Vice Premier Tian Jiyun said at a luncheon hosted by the Ontario premier in Toronto City today: While deepening reform and opening itself wider to the outside world, China will try its best to develop friendship and cooperation with Canada, and it invites Canadian businessmen to invest and build factories in China.

He recalled the friendly relations between Ontario Province and China. He said: Ontario is the largest industrial province in Canada and the native province of internationalist fighter Norman Bethune. It has always played a positive role in developing relations with China. It

established friendly and cooperative relations with Jiangsu Province 3 years ago. Later, Toronto and Hamilton became the sister cities of China's Chongqing and Maanshan. Recently, CAAC [Civil Aviation Administration of China] flight service has been extended to Toronto. Vice Premier Tian said that all these are conducive to exchanges between Ontario Province and China in all fields.

In his speech, Ontario Premier Peterson praised China's achievements in reform in recent years. He said that the achievements are the results of the new policy adopted by Chinese leaders.

Vice Premier Tian Jiyun and his party visited Northern Telecom and the De Havilland Aircraft Company in the suburbs of Toronto today. In recent years, China has bought program-controlled telephone equipment and intermediate-range and short-range passenger planes from the two companies.

Vice Premier Tian and his party arrived in Canada's capital of Ottawa tonight.

#### More Trade Urged

OW2005144688 Beijing XINHUA Domestic Service  
in Chinese 0814 GMT 19 May 88

[By Reporters Cai Shuqi and Zhang Yuanling]

[Text] Ottawa, 19 May (XINHUA)—Vice Premier Tian Jiyun called on the Canadian Government to work to increase Chinese products access to the Canadian market so as to reduce China's long standing trade deficit, increase its ability to make payments, and expand bilateral trade.

The above was contained in a three-point suggestion for promoting Sino-Canadian trade put forth by Vice Premier Tian at a banquet given in his honor by Canadian Deputy Prime Minister Mazankowski this evening. More than 100 people, most of them from various Canadian business circles, attended the banquet.

Vice Premier Tian also called on Canada to offer more competitive prices and trading terms when exporting products to China and to adopt a more open attitude toward technology transfer to China so as to broaden the prospects for Canada's exports to China. Canada is already one of China's major trading partners.

The Chinese vice premier also expressed the hope that more Canadian businessmen will set up joint equity and cooperative ventures and solely foreign-financed enterprises in China and help China's state enterprises upgrade their technology. He stressed that Canadian entrepreneurs in China may go ahead and manage enterprises the Canadian way.

Tian Jiyun said: As a result of the reform and opening over the past 9 years, China's economy has become vigorous, gradually embarking on the path of sustained and steady growth. There are more opportunities for trade and investment in China. It will be more profitable to invest in China.

In his speech, Deputy Prime Minister Mazankowski said that the Canadians follow with fascination and admiration the rapid strides China is making in reforming and opening the Chinese economic system.

He said: Canada welcomes China's decision to once again become a member of the General Agreement on Trade and Tariffs.

#### Visits Western Canada

OW2205192888 Beijing XINHUA in English  
1746 GMT 22 May 88

[Text] Vancouver, May 21 (XINHUA)—Visiting Chinese Vice-Premier Tian Jiyun said today China will attach greater importance to the development of its economic relations and trade with the four western provinces of Canada.

He made these remarks at a luncheon given by the premiers from western Canada's four provinces, including British Columbia, Alberta, Saskatchewan and Manitoba, at Schooner's Resort of Vancouver Island, western coast of Canada.

Tian said that China's friendly relations and cooperation with the four western provinces took a prominent position in the relations between the two countries thanks to the advantage of the geographical location.

In the field of economic and technological cooperation and trade, cereals, timber, paper pulp, paper and chemical fertilizer which account for three quarters of Canada's export to China were mostly from the four provinces, he continued, the four took up more than 80 percent of Canada's total export to China. [sentence as received]

In his speech, the Chinese vice-premier said, despite the slow economic growth of the world over the past year, the Pacific region maintained an impressive economic growth rate and attained vigorous economic development and the economic cooperation and trade between China and Canada had also expanded rapidly in this region.

He indicated China will continue to open itself to the outside world in breadth and depth and accelerate the implementation of its economic development strategy for the coastal region and Canadian friends in the industrial and commercial circles will take full advantage of this opportunity for investment in China.

Tian and his party arrived here last night.

**U.S. Confirms Willingness To Negotiate Missiles**  
OW2105101088 Beijing XINHUA in English  
0558 GMT 21 May 88

[Text] Washington, May 20 (XINHUA)—The U.S. State Department confirmed today that the United States is willing to negotiate with the Soviet Union on the issue of verifying mobile missiles, one of the major obstacles to signing a U.S.-Soviet Strategic Arms Reduction Treaty (START).

"We are willing to explore with the Soviets possible verification approaches" for the land-based mobile intercontinental ballistic missiles (ICBM), U.S. State Department Spokesman Charles Redman told reporters.

"If we become satisfied that adequate verification of mobile ICBM's can be achieved, then we would consider permitting a limited number of them," Redman said.

He made the statement in answer to a question related to a published interview with Soviet Defense Ministry Spokesman Nikolay Chervov, who said that the United States has agreed to negotiate land-based mobile missiles in the Geneva arms talks.

Until April, the Reagan administration had repeatedly rejected Soviet proposals to include mobile missiles in a strategic arms accord on the grounds that devising procedures to verify cuts of these small, easily hidden missiles would be impossible.

"Our position continues to be that such mobiles should be banned for that reason—because they are mobile," Redman said.

He said that the issue was discussed in the recent meeting between Secretary George Shultz and Soviet Foreign Minister Eduard Shevardnadze, and is being addressed by the negotiators in Geneva.

Redman said the two countries have not reached any agreement "on what a mobile verification regime will look like." "There are a number of ideas that are being explored and discussed that include a number of possibilities," he added.

Redman expressed the belief that the verification issue can be solved if the two countries have "enough time."

But, he added, "it's not an easy issue, so it's by no means a sure thing."

Meanwhile, it was reported that Shultz made similar statements on the ICBM issue during a world satellite television news conference today in Washington for correspondents in London, Helsinki, Bonn, Paris and Ottawa.

**RENMIN RIBAO on U.S. Strategic Reports**  
HK2305023088 Beijing RENMIN RIBAO in Chinese  
19 May 88 p 7

["Special Commentary" by Chen Zhongjing (7115 1813 4842): "On the Two Strategic Reports Released by the United States"—first paragraph is RENMIN RIBAO introduction]

[Text] The United States has released two strategic reports in succession this year. These two reports are an estimation of the United States' future strategic situation. According to these reports, the next few decades will see significant changes in the United States' security and strategic situation and the emergence of three or four global powers. U.S. strategists will also have to face strategic situations that are far more complicated than the contention between the United States and the Soviet Union. The present is a transitional period as far as international security affairs are concerned. In view of these future changes, the United States has to make some strategic readjustments. Since China's future international influence is discussed in both reports, we should have a better understanding of this. However, from the observations and evaluations in these two reports, we can learn how the world looks at China. By doing this, we can widen our field of vision and prepare ourselves psychologically. This is beneficial to us.

Not long ago, the United States successively released two reports on its future international strategy. One of these two reports (hereinafter referred to as Report I [roman one]), prepared by the "Committee for Long-Term Overall Strategy" and entitled "Discriminatory Deterrent [qu bie wei she 0575 0446 1218 2042]," was presented to President Reagan on 12 January. Members of this committee include Ikle, under secretary [retired] of defense, Kissinger (a Republican), Brzezinski (a Democrat), and other well known figures. One week after the report was presented to President Reagan, a spokesman for the Soviet Foreign Ministry made an official response, saying that this report was "typical of old modes of thinking" and opposite to the Soviet Union's "new thinking," that it "was an attempt to handle new realities by resorting to outdated methods that were once applied in solving security problems.... It represents a posture that relies solely on actual strength as well as a theoretical proposition based on the absurd view....that the arms race should be continued, the antagonism in Soviet-U.S. relations be maintained, and regional conflicts be prolonged....The tone of the report and what is said in it run counter to the new, positive trends in the world and in Soviet-U.S. relations." The other report (hereinafter referred to as Report II [Roman two]), a 41-page report entitled "National Security Strategy Report," was presented to the U.S. Congress by President Reagan on 20 January. The keynote of this report is that the Soviet Union is the United States' main adversary and it has gone even further than the previous report in stressing this. In a relevant part of the speech he delivered at a plenary session of the CPSU Central Committee on 18



February, Gorbachev indirectly responded to these reports by making some oblique references. These two reports were released about 1 month after the third Reagan-Gorbachev meeting and about 4 months before their fourth meeting (late May). This does not seem to be in accord with the recent relaxation of U.S.-Soviet relations. Of course, this does not imply that this is a set back. Rather, one should say that it represents the U.S. ruling group's view on the long-term trends in U.S.-Soviet relations. In these people's eyes, the United States and the Soviet Union are basically antagonistic to each other. Although the keynotes of the two reports are basically identical, they differ in contents and discuss problems in quite different ways, hence the need for some in-depth comparative study.

What merits our attention is that both China and Japan are mentioned in the very beginning of Report I [Roman one]. According to this report, by 2010, the economic strength of China and Japan will enable them to become world powers; China will become the world's second (slightly ahead of Japan) or third (next to Japan) most important economic power (the Soviet Union will come fourth as far as GNP is concerned); and both Japan and China will become military powers. According to this report, in a world in which there are three or four global military powers, U.S. strategic planners will face a situation which is far more complicated than U.S.-Soviet contention, with which we are familiar. In such a multipolar world, the United States will have to handle its relations with several global powers in an appropriate way. In the past, the United States adopted an effective strategy. There are many constants in this strategy which need not be changed or readjusted. An important one of these is the following idea: "It is necessary to try our best to contain Soviet expansion all over the world." However, the co-authors of this report suggested that it is necessary to make a major change in the United States' military strategy. In formulating military policies and in military deployment plans, the United States and its Western allies have always given too much attention to two "extreme threats," which are 1) a large-scale offensive mounted by the Warsaw Pact countries and 2) an all-out nuclear attack by the Soviet Union. Actually, it is rather unlikely that these would ever happen. Therefore, in the future, while "stressing attention to a wider range of incidents," the United States should pay more attention to anything "from the lowest-intensity and most probable conflict to the most destructive and least probable conflict" in all the crucial areas in both the East and the West, from "well-equipped small countries, which are growing in number, to rising military powers," and from the Soviets to any other "potential enemies." In conclusion, it is necessary to carry out "discriminatory deterrent," using different types of forces and weapons (from various types of non-nuclear, conventional weapons which can produce strategic effects and which are being constantly updated and made more accurate to strategic nuclear weapons) selectively depending on the changing situation and circumstances in the next 20 years and the regions and countries where

they will be used. The co-authors of Report I [Roman one], on the basis of their evaluation of the changing and increasingly complicated strategic situation in the next two (or more) decades, suggested that the United States should have long-term and overall plans and make the necessary readjustments accordingly.

In his Report II [Roman two], President Reagan believes that the United States is in a time which is "the transitional period for world security affairs." This transitional period has four characteristics or major trends:

- 1) Since the late 1970s, the United States has been losing its overwhelming economic advantages over Western Europe and Asia.
- 2) Such an economic readjustment may possibly continue into the 1990s; the economy of East Asia, China's economy in particular, will further develop.
- 3) The Soviet Union has strengthened its military strength by a wide margin—with between 15 and 17 percent of its gross national product spent in developing its military strength. This point will form a serious threat to the security of the United States and its allies.
- 4) The military technological revolution is on the ascendant. The military leaders of both the United States and its opponent are reconsidering their existing military theory and structure of military strength, as well as the readjustment of national security strategy. And
- 5) Economic strength and advanced technologies (including military and nuclear technologies) are spreading to the Third World. With the development of such a trend, the outbreak of medium-intense and hyper-intense confrontations in many parts of the world has greater chances. Low-intense confrontations have been occurring for a long time with no sign of stopping. The area of discussions on strategic in Report II [Roman two] is far more extensive than Report I [Roman one]; foreign policy, economic policy and defense policy have merged into the U.S. general strategy. In discussing defense policy, President Reagan has also stressed that "deterrent forces are the basis for us to deal with regular as well as aggressive nuclear military strategy." This is still targeted on the Soviet Union; but the so-called "discriminatory deterrence" has not been explicitly touched upon.

Viewing the two reports, we may sum up the following concepts regarding U.S. current and long-range strategic thinking on the Soviet Union. First, the United States main adversary remains to be the Soviet Union. In Reagan's Report II [Roman two], this point has been more explicit with greater stress. Second, the Soviet Union is not the only threat to the United States. Both reports have mentioned the so-called "new-rising military power" emerging in various drastic changes likely to take place in the next 20 years. And third, "dialogues are supplement"—referred to dialogues with the Soviet

23 May 1988

Union in the main. Both reports believe in possible changes of Soviet foreign policies with the implementation of perestroika. Therefore, it is necessary to "welcome genuine changes (in the Soviet Union,)" and "we should continue to stress the principles of strength, dialogues, and realism in our strategy." This last statement seems to correspond to the Soviet "new thinking" to a point.

Almost all military confrontations over the past 40 years or so took place in the Third World. Likewise, all wars with U.S. direct involvements took place in the Third World over the same period. Because the United States chiefly dealt with the emergence of the Soviet Union launching global large-scale attacks, we were not quite prepared for the confrontations in the Third World. The United States had to put in greater forces in the wide Third World (primarily a few key areas) to deal with its opponent, the Soviet Union, as well as its possible "potential enemy" or other obvious weaker opponents, to "protect U.S. interests." This is certainly a noteworthy conception or trend in its strategic readjustment.

Both reports have mentioned China's future effects, and made strategic assessments on China. Noteworthy is the fact that Report I [Roman one] has stressed that China will become the world's second or third economic power by the year 2010, and a military power at that. To my mind, such an assessment of China's economic strength will naturally inspire us especially not to "improperly belittle ourselves" when we are still having a lot of difficulties, but to take an attitude of being steady and meticulous, and seeking truth from facts. There is no need for us to go in for "fuzzy mathematical" calculation. It is advisable for us to blaze new trails with hard work, to go all out, to keep improving, and to quietly put our shoulders to the wheel. Noteworthy is the fact that around the time when Report I [Roman one] was published, a long-term basic question that some people in the United States have been pondering about is will the improvement of China's economic status be safer to the "world"? Perhaps it is not without help to mention this situation. In thinking of the world economic environment, it is imperative to link closely with China's place in it, namely, we must have a clear picture of how we stand in others' eyes.

At present, there are really some nations (including the United States) which regard China as their "potential enemy." This is obviously wrong, or a misunderstanding, and the lack of correct strategic thinking, foresight or penetrating judgment. Basically I appreciate and agree with President Reagan's statement on Sino-American relations as quoted above from Report II [Roman two]: "A powerful, secure, and modern China conforms to our interests." I believe, or I hope, that this is not just diplomatic cliché, but is his conclusion, as president of the United States with 8 years of practical experiences after careful consideration.

## Soviet Union

### XINHUA Reviews U.S.-Soviet Relations

OW2205111788 Beijing XINHUA Domestic Service in Chinese 0215 GMT 22 May 88

["Commentary: 'Soviet-U.S. Relations On the Eve of Reagan's Visit to USSR' by XINHUA reporter Wan Chencai—XINHUA headline]

[Text] Beijing, 22 May (XINHUA)—U.S. President Reagan will go to Moscow at the end of this month to hold his fourth meeting with Soviet leader Gorbachev. His trip to Moscow represents the first visit in 14 years by a U.S. president to the USSR. This is the result of the change in relations between the Soviet Union and the United States as opponents, from fierce confrontation in the early 1980's to a certain degree of detente. Reagan's forthcoming trip may possibly continue to help develop their bilateral relations toward detente. Naturally, this will, in no way, change their pattern of contention as major opponents.

In the early 1970's the Soviet and U.S. leaders held several summit meetings and signed scores of documents, including agreements on arms limitation and the expansion of exchanges in various fields. However, before the ink was dry on the "disarmament agreement," an arms race between the two sides was already raging. The rapid Soviet expansion in a number of strategic zones was particularly disquieting for the United States and its allies. Toward the end of the 1970's the Soviet Union dispatched its troops to Afghanistan and Soviet-U.S. relations began to deteriorate rapidly.

In March 1985 Gorbachev became general secretary of the CPSU Central Committee, calling for efforts to relax the tense situation in the world and to accelerate Soviet social and economic development. He placed the "overall improvement" of Soviet-U.S. relations as a top priority item in introducing the "new ideology" diplomacy he advocated. He put forward a series of proposals for disarmament and showed flexibility to a substantially greater extent. On the basis of its own interests and with the encouragement of its allies and other countries, the Reagan administration, which is known for its tough attitude toward the Soviet Union, also adopted a duly flexible stance and began a dialogue with the new Kremlin leader.

During the past three years the U.S. and Soviet leaders have already held three meetings. Compared with the past, Soviet-U.S. relations presently have the following new features:

—High-level dialogue between the two countries have become even more frequent. In addition to the frequent meetings of the top leaders, their foreign ministers have met more than 20 times in the past three years. Not long ago the defense ministers held their first post-war meeting. It is reported that the Soviet chief of general staff of



the armed forces will visit the United States this year. Such frequent high-level dialogues are unprecedented in the history of post-war Soviet-U.S. relations.

Progress in varying degrees was made in the dialogues, which expanded from arms control to regional conflicts, bilateral relations, and some military spheres. The signing of the treaty on eliminating intermediate-range nuclear weapons led to the conclusion of the Geneva agreement on withdrawal of Soviet troops from Afghanistan, establishment of additional consulates in each country, expansion of civil aviation service between the two countries, conclusion of a 5-year cooperation agreement between the respective academies of sciences, and restoration and expansion of contacts between parliamentarians, scholars, youths, teachers, and people in other walks of life.

—With the improvement of political relations, economic and trade relations may develop further. It is estimated that bilateral trade will increase from U.S.\$2 billion in 1987 to over \$10 billion in the next few years.

In the 1970's the policy of "materializing detente" led to a sharp increase in Soviet-U.S. trade, which rose from 106 million rubles in 1970 to 2.8 billion rubles in 1979, some 17.4 times greater. Later, trade between the two countries became erratic after the United States implemented economic sanctions against the Soviet Union for sending troops into Afghanistan and other reasons. Recently both sides have sounded an optimistic tune about developing bilateral economic and trade relations because they believe that "the ice of military and political tension which is thawing may raise the water level of the business partnership." Recently both sides have been making preparations for resuming and expanding trade. In early April the Reagan administration decided to expand trade in foodstuff processing, energy, construction equipment, pharmaceuticals, and labor. The 10th meeting of the Soviet-U.S. Joint Commission for Trade and the 11th annual meeting of the Soviet-U.S. Economic and Trade Commission were held simultaneously in Moscow in mid-April in accordance with the agreement reached at the Washington summit. Led by U.S. Secretary of Commerce William Verity, more than 500 industrialists from 320 companies arrived in the Soviet Union to hold talks with 300 Soviet trade representatives. These talks were unprecedented in scope. The question of establishing Soviet-U.S. joint ventures was also discussed during the talks.

In short, improvement of Soviet-U.S. relations is conducive to easing world tension. Such improvement is worth welcoming as long as they don't use the sovereignty and interests of other countries as bargaining chips for their deal. Nevertheless, as admitted by President Reagan, relations between the Soviet Union and the United States are basically "competitive, and mainly antagonistic, in nature." Therefore the improvement is only just beginning and it will be limited and full of twists and turns. U.S. Secretary of State Shultz told the press on 20

May: There will not be any significant news coming from the upcoming meeting in Moscow. People can only hope that the leaders of the two superpowers will, through dialogue, remove as much as possible the antagonism in the bilateral relations and reach further agreements conducive to world peace and security.

#### Commentary on U.S.-Soviet Ties

OW2305062188 Beijing XINHUA in English  
0550 GMT 23 May 88

[“Commentary: Moscow Summit Might Help Improve Soviet-U.S. Relations” by Wan Chengcai—XINHUA headline] [Text] Beijing, May 23 (XINHUA)—Ronald Reagan's trip to Moscow at the end of May, the first ever paid by a U.S. president in 14 years, is expected to further improve the current Soviet-U.S. relationship although his trip cannot help change its pattern of rivalry.

Reagan will fly to Moscow on May 29 for his fourth summit meeting with Soviet leader Mikhail Gorbachev, in which the two leaders will discuss a 50-percent cut in the two superpowers' strategic nuclear weapons, regional conflicts, bilateral relations and issues on "human rights."

As a result of frequent summit meetings between Soviet and U.S. leaders in the early 1970s, more than 60 agreements on limiting their arms race and expanding their exchanges in all fields were reached. However, no sooner had the two superpowers signed their disarmament accords than they renewed their arms race, and their relations began worsening as the Soviet Union expanded its influences to some strategic regions, especially after it sent its troops to Afghanistan in 1979.

Soviet-U.S. relations started thawing in March 1985 when Gorbachev became chief of the Soviet Communist Party. Gorbachev, who called for a relaxation of world tension to speed up the Soviet economic growth, has given priority to a "comprehensive improvement" of Soviet-U.S. ties in his "new thinking" diplomacy.

On the U.S. side, Reagan also softened his hard-line policy towards the Soviet Union and used dialogues with Gorbachev to meet the interests of the United States and its Western allies.

Reagan's upcoming trip to Moscow would once more remind the world of the shift from a sharp confrontation between the two rivals in the first half of the 1980s to detente to a certain degree at present.

In the past three years, the two leaders have met three times—in Geneva, Reykjavik and Washington respectively. Soviet-U.S. relations are now featured by the following new indications:

First, the superpowers have increased their high-level dialogues. [world indistinct] from the previous three summit meetings respectively held in Geneva, Reykjavik and Washington, the Soviet-U.S. foreign ministers have in these years met more than 20 times, and the defense ministers of the two nations held their first post-war meeting not long ago. The chief of the general staff of the Soviet Armed Forces is expected to visit the U.S. within the year. All these high-level contacts have never been seen in the history of Soviet-U.S. relations.

Secondly, the scope of their dialogues has been expanded from disarmament to regional conflicts, bilateral ties and certain military areas. Progress made in these fields includes an agreement on scraping the intermediate-range nuclear forces, a Geneva accord on the Soviet troops' pullout from Afghanistan, the [word indistinct] more consulates in each country, the broadening of business in civil aviation, a five-year cooperation agreement between the two science academies, and expansion of exchanges of scholars, government officials and teachers between the two nations.

Thirdly, economic and trade ties between the two countries are likely to develop as their political relations are improving. In a few years, the volume of Soviet-U.S. trade is expected to increase from two billion U.S. dollars in 1987 to more than 10 billion U.S. dollars.

The two superpowers, now optimistic about the prospect of their economic and trade relations, are restoring and expanding their trade contacts in such aspects as food processing, energy, construction equipment and medical products. For these purposes, more than 800 Soviet and U.S. entrepreneurs gathered in Moscow in mid-April for the 10th Soviet-U.S. Trade and Economic Council meeting, the biggest of this kind in the history of Soviet-U.S. relations.

Improved Soviet-U.S. relations will contribute to world detente, which is worth hailing as long as the superpowers will not make deals at the cost of other nations' interests and sovereignty. However, such an improvement is at its primary phase and will be limited and tortuous since U.S.-Soviet relations still have the character of rivalry as Reagan put it.

U.S. Secretary of State George Shultz told the Western press on Friday that there would be no "major news" during the coming Moscow summit. The only hope the world people have on the leaders of the two superpowers is that they will do their utmost to reduce the confrontation between the two nations through more dialogues and to sign more accords conducive to world peace and security.

## **Huang Hua Attends Interaction Council in Moscow**

### **Comments on U.S.-USSR Ties**

*OW2105020788 Beijing XINHUA Domestic Service  
in Chinese 1307 GMT 17 May 88*

[By reporter Sheng Shiliang]

[Text] Moscow, 17 May (XINHUA)—What new problems and prospects will global politics, economy, and ecology face in the 1990's? What changes will be made in strategic posture and how will regional conflicts be resolved?

These fundamental questions of universal interest were the central topics for discussion at the Sixth Session of the Interaction Council which opened today in the (Pillar Hall) of the Trade Union building in Moscow. Demichev, first vice president of the Presidium of the USSR Supreme Soviet, delivered a welcome speech on behalf of the host country. He hoped that the meeting will once more constructively promote the settlement of major issues worldwide. Takeo Fukuda, honorary chairman of the Interaction Council and former prime minister of Japan, said at the meeting: The world today is far from tranquility. "We former heads of state and former government leaders should not be aloof and indifferent" and we should work together to promote peace and disarmament.

Schmidt, chairman of the Interaction Council and former chancellor of the Federal Republic of Germany, discussed the global political and economic situation at the meeting. He pointed out: Both the United States and the Soviet Union have very heavy military burdens. By the 1990's the U.S. national debt could exceed \$1 trillion, and Soviet military spending accounts for 12-14 percent of GNP. However, China's military spending is very small, it has reduced its military strength, and made rapid economic development in the course of reform. He said that China will have greater political and economic influence in the world during the 1990's.

Huang Hua, member of the Political Commission of the Interaction Council and former Chinese minister of foreign affairs, attended the opening ceremony.

The Interaction Council was set up in 1983 when the East and the West were engaged in a "new cold war." Most of its members are former heads of state or government leaders who have rich political experience and considerable influence on their current governments. Their proposals brought about the third USSR-U.S. summit meeting. Some 20 former government leaders attended today's meeting. They included Nepal's Bista, Romania's Manescu, Yugoslavia's Ribicic, Britain's Callaghan and Canada's Trudeau.

Huang Hua was interviewed by XINHUA reporters after he arrived in Moscow by plane the day before yesterday. He said: "At the meeting we can hear the voices of

personalities from various countries and we will exchange views on certain questions of interest. The 1990's will be an important transition period. We should take advantage of all favorable conditions to promote the improvement of the worldwide political situation and make the 21st century better than the 20th century."

On the prospects of U.S.-USSR nuclear disarmament, the veteran diplomat pointed out: "For a long time, the two countries have escalated their nuclear arms race to the extent that it is difficult for them to continue. At the same time, some of their nuclear arms need to be replaced. Therefore both sides want to reach an agreement on keeping their nuclear arms at a lower numerical level while substituting new-generation weapons of greater destructive power and accuracy for older weapons. By concluding the INF treaty the two countries have taken the first step in nuclear disarmament. However, the disarmament still remains on paper and we should watch their actions hereafter."

On the Soviet-U.S. summit scheduled to begin at the end of this month, Huang Hua said: "We hope that American and Soviet leaders will make conscientious efforts to reach an agreement on drastically reducing offensive strategic weapons as soon as possible and not disappoint the rest of the world."

The 3-day Sixth Session of the Interaction Council will end on 19 May. The session was convened behind closed doors.

#### Meets With Gromyko

OW2205144888 Beijing XINHUA Domestic Service  
in Chinese 0604 GMT 19 May 88

[Text] Moscow, 19 May (XINHUA)—Gromyko, chairman of the Presidium of the Supreme Soviet of the USSR, had a meeting yesterday with former Chinese Foreign Minister Huang Hua, who is here to attend the sixth meeting of the Interaction Council meeting.

During the meeting, Huang Hua expressed his pleasure over the progress China and the USSR have made in promoting their trade, economic, and cultural exchanges in recent years. Highly evaluating the Soviet decision of withdrawing all the Soviet armed forces from Afghanistan, Huang Hua said: As the Afghanistan issue is heading toward a settlement, the Cambodian issue appears to be more prominent. The USSR can do a lot of things to bring about a just settlement of the Cambodian issue as early as possible, and the settlement will be conducive to the normalization of Sino-Soviet relations.

Gromyko indicated that he was very pleased with the dramatic increase in bilateral contacts. For the sake of Cambodia's peace and independence, he said, the USSR will work hard to bring about a just settlement of the Cambodian issue.

The sixth meeting of the Interaction Council ended this afternoon after a 3-day session.

#### Friendship Groups Seek Increased Contact

OW2005194288 Beijing XINHUA in English  
1504 GMT 20 May 88

[Text] Beijing, May 20 (XINHUA)—Friendship organizations of China and the Soviet Union signed an agreement today outlining a cooperative plan to increase contacts between the two countries over the next year.

The organizations are the Chinese People's Association for Friendship with Foreign Countries, [words indistinct] friendship association on the Chinese side, and the Union of Societies for Friendship and Cultural Relations with Foreign Countries and the Soviet-China Friendship Association on the Soviet side.

Wu Xiuquan, president of the China-USSR Friendship Association, and Sergey Leonidovich Tikhvinskiy, chairman of the Central Council of the Soviet-China Friendship Association, signed the document.

The two sides agreed to exchange delegations, increase contacts in certain fields, and develop cultural exchanges including documentary films, photo exhibitions and magazines.

Prior to the signing ceremony, Wu met the Soviet delegation. The two sides recalled traditional friendship between the Chinese and Soviet peoples and exchanged ideas on how to increase contacts between friendship organizations.

The Soviet visitors were honored at a banquet later by the host organizations.

#### Northeast Asia

#### DPRK Military Delegation Arrives for Visit

SK2005092188 Pyongyang Domestic Service  
in Korean 1300 GMT 18 May 88

[Text] The DPRK military delegation visiting China, led by Comrade O Chin-u, member of the Presidium of the WPK Central Committee Political Bureau and minister of the People's Armed Forces, arrived in Qiangdao yesterday by plane for a local tour. At the airport, the delegation was greeted by Ma Xinchun, deputy commander of the Jian Military Region of the Chinese People's Liberation Army and commander of the navy's North China Sea Fleet; by the chief of staff of the fleet; by the commander of the fleet's air force; and by the commander of Qiangdao base.

Yesterday the delegation toured a base of the navy's North China Sea Fleet of the Chinese People's Liberation Army in Qiangdao. Xi Xin, deputy chief of general



staff of the Chinese's Liberation Army; Ma Xinchun, commander of the fleet; and other commanding officers of the fleet accompanied the delegation.

At the base, the fleet's commanding officers and combat crew enthusiastically welcomed the delegation. Comrade O Chin-u, along with the fleet commander, reviewed the honor guard. After the delegation listened to explanations of the base, they toured the base and left a banner of congratulations.

Yesterday the delegation was invited to a banquet hosted by the commander of the North China Sea Fleet. There were speeches at the banquet. Those attending the banquet toasted to the long life and good health of the great leader Comrade Kim Il-song, the dear leader Comrade Kim Chong-il, and the respected Comrade Deng Xiaoping, Zhao Ziyang, and Yang Shangkun.

The delegation left Qiangdao by plane this morning for Beijing. At the airport, Ma Xinchun, deputy commander of the Jian Military Region of the Chinese People's Liberation Army and commander of the navy's North China Sea Fleet; the chief of staff of the fleet; the commander of the fleet's air force; and the commander of Qiangdao base were on hand to see the delegation off.

**Received by Yang Shangkun**

SK2005045488 *Pyongyang Domestic Service*  
in Korean 1300 GMT 19 May 88

[Text] Yesterday in Beijing, Comrade Yang Shangkun, PRC president, met with a DPRK military delegation led by Comrade O Chin-u, member of the Presidium of the WPK Central Committee Political Bureau and minister of the people's armed forces, which is visiting China.

On this occasion, the delegation head conveyed warm greetings of the great leader Comrade Kim Il-song and the dear Comrade Kim Chong-il to the respected Comrade Yang Shangkun. Comrade Yang Shangkun expressed deep appreciation for this and asked [the delegation head] to extend his warm greetings to the great leader Comrade Kim Il-song and the dear Comrade Kim Chong-il.

On the occasion, he said that the Chinese party, government, people, and armed forces resolutely support the Korean people's cause for an independent, peaceful reunification of the fatherland and that this is China's consistent stand. He also praised our people's achievements in developing the economy and building the armed forces. He stressed that the people and armed forces of the two countries of China and Korea have the traditional relations of friendship and that the Chinese people and armed forces will continue to make efforts to further strengthen and develop this great friendship formed in blood.

The conversation took place in a warm and friendly atmosphere.

Present on this occasion were Comrade Qin Jiwei, member of the CPC Central Committee Political Bureau, state councillor, and minister of national defense; Chi Haotian, chief of general staff of the Chinese PLA; Yang Baibin, director of the General Political Department; Xu Xin, deputy chief of general staff [of the PLA]; Liu Mingpu, deputy director of the General Logistics Department; Li Yaowen, political commissar of the navy; Wang Hai, commander of the Air Force; Li Xuge, commander of the 2d Artillery Corps; and Yu-Liu Shuqing, vice minister of foreign affairs. Sin In-ha, our country's ambassador to China, was also present at the meeting.

**Banquet Held**

SK2005050288 *Pyongyang Domestic Service*  
in Korean 1300 GMT 19 May 88

[Text] Yesterday in Beijing, Comrade Yang Shangkun, PRC president, arranged a banquet for a DPRK military delegation led by Comrade O Chin-u, member of the Presidium of the WPK Central Committee Political Bureau and minister of the people's armed forces, which is visiting China.

Comrades Yang Shangkun and O Chin-u delivered speeches at the banquet. The attendants at the banquet toasted to the long life and good health of the great leader Comrade Kim Il-song; the long life and good health of the dear leader Comrade Kim Chong-il; and the long life and good health of respected Comrades Zhao Ziyang, Deng Xiaoping, and Yang Shangkun.

Present at the banquet were Comrade Qin Jiwei, member of the CPC Central Committee Political Bureau, state councillor, and minister of national defense; Chi Haotian, chief of general staff of the Chinese PLA; Yang Baibin, director of the General Political Department; Xu Xin, deputy chief of general staff [of the PLA]; Liu Mingpu, deputy director of the General Logistics Department; Li Yaowen, political commissar of the Navy; Wang Hai, commander of the Air Force; Li Xuge, commander of the 2d Artillery Corps; and Yu-Liu Shuqing, vice minister of foreign affairs. Sin In-ha, our country's ambassador to China, was also present at the banquet.

The banquet took place in a warm and friendly atmosphere.

**Meets Deng Xiaoping**

SK2005044688 *Pyongyang Domestic Service*  
in Korean 1300 GMT 19 May 88

[Text] Today, at the Great Hall of the People in Beijing, Comrade Deng Xiaoping, chairman of China's Central Military Commission, met with a DPRK military delegation led by Comrade O Chin-u, member of the Presidium of the WPK Central Committee Political Bureau and minister of the people's armed forces, which is visiting China.

On this occasion, the delegation head conveyed warm greetings from the great leader Comrade Kim Il-song and the dear Comrade Kim Chong-il to the respected Comrade Deng Xiaoping. Comrade Deng Xiaoping expressed deep appreciation for this and wished the great leader Comrade Kim Il-song good health and long life. He asked the delegation to extend his warm greetings to the great leader Comrade Kim Il-song and the dear Comrade Kim Chong-il upon their return to their fatherland.

He said that Comrade President Kim Il-song is very busy and is always conducting external activities.

He said that China supports the stand of Comrade President Kim Il-song and the Korean Government in connection with the question of reunifying the fatherland and hopes that the situation on the Korean peninsula will become stable.

The conversation took place in a warm and friendly atmosphere.

Present on this occasion were Comrade Qin Jiwei, member of the CPC Central Committee Political Bureau, state councillor, and minister of national defense; Xu Xin, deputy chief of general staff of the Chinese PLA; Liu Shuqing, vice minister of foreign affairs; and Sin In-ha, our country's ambassador to China.

**Hosted by Qin Jiwei**

*SK2105071288 Pyongyang Domestic Service  
in Korean 1300 GMT 20 May 88*

[Text] Comrade Qin Jiwei, member of the CPC Central Committee Political Bureau, member of the State Council, and minister of national defense, yesterday arranged a banquet in Beijing in honor of the DPRK military delegation led by Comrade O Chin-u, member of the Presidium of the WPK Central Committee Political Bureau and minister of the people's armed forces. This delegation is currently visiting China.

Invited to the banquet were members of the delegation, Sin In-ha, our ambassador to China; and our military attache posted to our embassy.

Xu Xin, deputy chief of the General Staff of the Chinese People's Liberation Army, and other relevant officials also attended the banquet.

Qin Jiwei, minister of national defense, and O Chin-u, minister of the people's armed forces, delivered speeches. Those attending the banquet toasted to the long life and good health of the great leader Comrade Kim Il-song; to the long life and good health of dear leader Comrade Kim Chong-il; and to the long lives and good health of respected Comrades Deng Xiaoping, Zhao Ziyang, and Yang Shangkun.

The banquet consistently proceeded in an amicable atmosphere.

**NPC Vice Chairman Meets DPRK Delegation**  
*OW2105171488 Beijing XINHUA in English  
0655 GMT 21 May 88*

[Text] Beijing, May 21 (XINHUA) — Seypidin Aze, vice-chairman of the National People's Congress Standing Committee, met a delegation from the Korea-China Friendship Association, led by O Mun-Han, vice-chairman of the Committee for Cultural Relations with Foreign Countries of the Democratic People's Republic of Korea.

The visitors, who arrived in China on May 11, have toured Shijiazhuang, Guangzhou and Wuhan.

**Wang Zhen Meets Japanese Friendship Delegation**  
*OW2005112688 Beijing XINHUA in English  
0957 GMT 20 May 88*

[Text] Beijing, May 20 (XINHUA)—China's Vice-President Wang Zhen discussed Sino-Japanese relations with a women's delegation from the Kochikai, a faction of Japan's Liberal Democratic Party, this morning.

The delegation is headed by Mitsue Ikeda, widow of the late Japanese Prime Minister Hayato Ikeda, and includes wives of some members of Japan's Diet.

Wang, also honorary president of the China-Japan Friendship Association, said that the delegation's China visit will have far-reaching influence on friendly relations between the two countries.

According to Wang, the Kochikai has a good relationship with the China-Japan Friendship Association and several former Japanese prime ministers who were members of the Kochikai made significant contributions to Sino-Japanese friendship with the help of their wives.

Over the past decade, Wang said, China has scored gratifying achievements as a result of the reform and open policies.

Wang also mentioned, 1988 marks the tenth anniversary of the signing of the Sino-Japanese Peace and Friendship Treaty.

Sino-Japanese friendship is in the interests of not only both peoples, but also of people the world over.

Wang said he hopes for the sound and smooth development of Sino-Japanese relations in the future.

Mitsue Ikeda said this visit has helped her better realize the time-honored friendly relations between the two countries. She told Wang the delegation will have more to tell about China's current situation which will help more Japanese contribute to Japan-China friendship.

Sun Pinghua, president of the China-Japan Friendship Association, also attended today's meeting.



## Southeast Asia & Pacific

**Burmese Foreign Minister Visits Shijiazhuang**  
*SK2305115988 Shijiazhuang HEBEI RIBAO*  
*in Chinese 8 May 88 p 1*

[Text] U Ye Gaung, Burmese foreign minister, and U Tin Maung Myint, Burmese ambassador to China, arrived in Shijiazhuang at noon on 7 May for a goodwill visit.

During the afternoon, accompanied by Li Feng, adviser to the provincial government, and responsible persons of relevant provincial and Shijiazhuang City departments, Burmese Foreign Minister U Ye Gaung and his party visited the Shijiazhuang No 1 Plastic Plant, where the plant director Zhang Xingrang introduced the status of reform to the distinguished guests. They then visited the Shijiazhuang Paper Mill.

In the evening, Provincial Governor Yue Qifeng met with Burmese Foreign Minister U Ye Gaung and his party. Provincial Governor Yue Qifeng extended a warm welcome to Burmese Foreign Minister U Ye Gaung for his visit on behalf of the provincial government and the people of Hebei. After introducing Hebei's economic, geographic, and historical situation, and the current situation in reform and opening up to the distinguished guests, he said: China and Burma are friendly neighboring countries. The current visit of Burmese Foreign Minister U Ye Gaung will further enhance the understanding and friendship of the people of the two countries. We also welcome the Burmese friends to come to Hebei Province to conduct trade talks and carry out economic and technological cooperation.

Burmese Foreign Minister U Ye Gaung said: During the current visit in Shijiazhuang, I have seen with my own eyes the production of your plants, and the fact of your rapid development. I am very pleased. He said: China and Burma are as close as one family, and the friendship between the peoples of the two countries is profound. During this visit to China, I have had the opportunity to see old friends and to meet new friends. I feel that I still have a great deal to say. He also stated that our two countries have the obligation to develop their friendly relations so that the friendship between Burma and China can continuously develop.

Provincial Governor Yue Qifeng hosted a banquet in honor of the distinguished Burmese guests after the meeting.

On 8 May, the distinguished Burmese guests will leave Shijiazhuang for Beijing after touring the Longxing Temple and the Rong Official Residence.

**Paper Views Vietnamese as 'Hot-headed'**  
*HK2305070088 Hong Kong AFP in English*  
*0624 GMT 23 May 88*

[Text] Beijing, May 23 (AFP)—Vietnamese leaders have become hot-headed since their 1975 victory in South Vietnam and are consumed with ambition to extend their territory, the BEIJING REVIEW said Monday, citing the Spratly Islands.

Calling on Hanoi to leave the disputed Spratly Islands in the South China Sea, also claimed by China, the official weekly said "It is well-known that since the southern part of Vietnam was liberated in 1975, the Vietnamese authorities have become hot-headed."

"They call Vietnam the third-ranking military power in the world and have developed an inflated ambition to expand their territory," it added.

"The Vietnamese authorities should change their aggressive and expansionist policy as quickly as possible and return to the correct stand which (then North) Vietnam held before 1974."

Communist Vietnam began claiming sovereignty over the Spratlys and the smaller Paracels chain to the north in 1974, not long after China took them from the South Vietnamese.

Chinese and Vietnamese troops clashed for the first time in the Spratlys in March, leaving three Hanoi men dead and 70 missing, according to figures released by Vietnam.

Both sides accused the other of starting the incident in the strategic archipelago of some 500 tiny islands and coral reefs some 1,500 kilometers (930 miles) from the Chinese coast and 400 kilometers (250 miles) from Vietnam.

The islands are also claimed wholly or in part by Malaysia, the Philippines and Taiwan.

The dispute over the Spratlys, before China moved in ships in December, has sharpened tension between the two former allies, observers say here.

China provided vital assistance to the Vietnamese communists during the war with the United States, but relations deteriorated rapidly after the war's end in 1975 as the Vietnamese began to move closer to Moscow.

Relations worsened when Vietnam invaded Cambodia in December 1978 and with the fall of the Khmer Rouge in January 1979. Beijing launched an attack on Vietnam a month later which it said was designed to teach Hanoi a lesson.

Beijing supports the Khmer Rouge, now part of a tripartite resistance alliance fighting the Vietnamese-backed Phnom Penh government. The resistance alliance holds Cambodia's seat at the United Nations.

### Near East & South Asia

#### Pakistani Prime Minister Junejo Visits

##### Meets Li Peng

OW2205154688 Beijing XINHUA in English  
1500 GMT 22 May 88

[Text] Beijing, May 22 (XINHUA)—Pakistan Prime Minister Mohammad Khan Junejo stopped over in Beijing today while on a trip abroad.

Chinese Premier Li Peng met Junejo at the Diaoyutai State Guesthouse this evening and the two prime ministers spoke highly of the close relations and effective cooperation between China and Pakistan.

Junejo invited Li Peng, who became premier in April, to visit Pakistan.

In reply, Li told Junejo, "When you assumed the office as prime minister, the first country you visited was China. And now I have decided to put Pakistan on the list of countries I am going to visit on my first trip abroad since I became premier."

They also exchanged views on other issues of mutual interest during the hour-long meeting.

At a dinner he hosted later for Junejo and his party, Li praised the Pakistan people for their continuous achievements in building up and defending their country under the leadership of President Ziaul Haq and Prime Minister Junejo.

Li said that by upholding principles and justice Pakistan is playing an outstanding role in international affairs. "Particularly, it has made unremitting efforts in and important contributions to seeking a fair and reasonable settlement to the question of Afghanistan, thus winning widespread acclaim from the international community," he said.

Li said that the close contacts between the leaders and peoples of the two countries have given impetus to a steady development of Sino-Pakistan friendship and cooperation. He reiterated that to strengthen Sino-Pakistan friendly cooperation is a firm policy of the Chinese Government.

Junejo expressed the belief that under the dynamic leadership of her leaders, China will make even greater progress on her chosen path of modernization and economic reforms.

He said he is also sure that the already existing excellent relations between Pakistan and China will be further strengthened.

Chinese Foreign Minister Qian Qichen and minister Lin Zongtang of aerospace industry were present on both occasions.

##### At Banquet

BK2205160988 Islamabad Domestic Service  
in Urdu 1500 GMT 22 May 88

[Text] The prime ministers of Pakistan and China met in Beijing this evening in a traditionally cordial atmosphere. The talks lasted for about an hour. Prime Minister Mohammad Khan Junejo was assisted by Federal Industries Minister Chaudhary Shujat Hussain and Punjab Chief minister Nawaz Sharif. Chinese Prime Minister Mr Li Peng was assisted by the Chinese foreign minister and vice foreign minister. The Chinese prime minister accepted Mr Mohammad Khan Junejo's invitation to visit Pakistan. It is expected that he will visit Pakistan in November this year, and it will be his first foreign visit since assuming the office of prime minister. Mr Mohammad Khan Junejo also first paid an unofficial visit to China. This reflects the deep ties existing between the two countries.

Radio Pakistan's special correspondent, Safdar Ahad, in a dispatch from Beijing reports that the two prime minister exchanged views on regional and international issues and matters of mutual interest. Mr Mohammad Khan Junejo briefed the Chinese counterpart in detail about Afghanistan. The Chinese prime minister lauded the Geneva accord.

Prime Minister Mohammad Khan Junejo expressed the hope that the existing excellent relations between Pakistan and China will be further strengthened under the leadership of Chinese Prime Minister Li Peng. He said this while speaking at a banquet in Beijing today which the Chinese prime minister hosted for him. Mr Mohammad Khan Junejo said he is confident that China will make speedy progress on the path of modernization and economic reforms adopted under the new leadership. The prime minister said both countries enjoy very sincere relations and these relations have reached such a high level of mutual respect and understanding that no formality or convention is needed for their expression. The prime minister thanked the people and government of China for the enthusiastic and extremely friendly reception accorded to him and his delegation.

Chinese Prime minister Li Peng welcomed Prime Minister Junejo and referred to the sincere and friendly relations between Pakistan and China. He said Pakistan, keeping aloft the the principle of justice, is playing a

significant role through its tireless efforts in international affairs, especially at important forums and institutions. The Chinese prime minister commending Pakistan's role concerning the Afghanistan problem and said the international community greatly appreciates this.

The prime minister was given a very warm welcome on his arrival in the Chinese capital this afternoon. Among those present at the airport to welcome him were the Chinese vice prime minister, Mr Qian Qichen. The Pakistan ambassador to China, Mr Akram Zaki, and Pakistanis living in Beijing were also present. The prime minister warmly shook hands with them. Pakistani citizens expressed their happiness by raising slogans of Long Live Sino-Pakistan Friendship! and Long Live Mohammad Khan Junejo. They were waving the Pakistan national flag and bunting inscribed with welcome slogans. The prime minister went to them and expressed his appreciation for their sentiments.

#### Talks With Zhao Ziyang

OW2305083288 Beijing XINHUA in English  
0744 GMT 23 May 88

[Text] Beijing, May 23 (XINHUA)—Mohammad Khan Junejo, Pakistan's prime minister, congratulated Zhao Ziyang on his appointment as general secretary of the Central Committee of the Chinese Communist Party when the two leaders met here today.

The prime minister also said he wanted to make this trip especially to congratulate Zhao and Premier Li Peng on the assumption of their new posts, and mentioned his trip just prior to Pakistan President Mohammad Ziaul Haq's China visit shows the closeness of Pakistan-China relations.

Zhao Ziyang said, frequent exchange of visits between China and Pakistan is important to promoting Sino-Pakistan friendship and cooperation.

China is looking forward to President Mohammad Ziaul Haq's fourth visit, Zhao said, and he also invited Prime Minister Junejo to make an official visit to China.

Zhao and the prime minister briefed each other on economic construction in their respective countries, and Zhao also explained China's reform and open policy.

Zhao spoke highly of Pakistan's achievements in national economic development and the people's welfare.

"These successes are encouraging to China," Zhao said, adding he hopes China and Pakistan will expand cooperation so both countries can develop even more.

When commenting on the Afghan issue Junejo said, "the future of Afghanistan should be decided by the Afghan people, and the atmosphere should be conducive to helping Afghan refugees return home."

Zhao said that the signing of the Geneva accord on the political settlement of the Afghan problem is the victory of the Afghan people's long-term struggle to safeguard national independence and state sovereignty.

The settlement is also a victory for justice-seeking countries, especially Pakistan, which firmly safeguard the norms guiding international relations, resolutely support the just struggle of the Afghan people and unremittingly pursue political settlement of the problem, Zhao said.

According to Zhao, China will continue support to Pakistan in its basic stand and reasonable requests related to the overall settlement of the Afghan issue.

#### Leaves Beijing 23 May

BK2305083688 Islamabad Overseas Service  
in English 0800 GMT 23 May 88

[Text] Prime Minister Mohammad Khan Junejo has said the future of Sino-Pakistan relations is bright and will deepen with every passing day. He said this during his meeting with the general secretary of the Chinese Communist Party, Mr Zhao Ziyang, in Beijing this morning before leaving for Hong Kong at the end of his visit to China.

The prime minister thanked China for consistent support for the resolution of the Afghan problem. He said his country will work determinedly for the development of Sino-Pakistan bilateral relations. He also extended an invitation to Mr Zhao Ziyang to visit Pakistan, which he accepted.

The Chinese Communist Party general secretary said that it was the established policy of his country to develop further the close relations with Pakistan and this policy will be pursued in right earnest in the future as well. Mr Zhao Ziyang thanked Mr Mohammad Khan Junejo for undertaking the visit to China to congratulate the new leadership. He said that Mr Mohammad Khan Junejo's current visit and that of President Ziaul Haq's coming visit amply demonstrate to the world the close friendly relations between the two countries. He also congratulated him on the signing of Geneva accord on Afghanistan and expressed appreciation for achieving this success. He also congratulated the prime minister for successfully implementing his 5-point program for the socioeconomic development of the country.

Later, Prime Minister Mohammad Khan Junejo was given a hearty send off when he left for Hong for a brief visit.

#### Sub-Saharan Africa

Cameroonian Envoy Holds National Day Reception  
OW2005151988 Beijing XINHUA in English  
0713 GMT 20 May 88

[Text] Beijing, May 20 (XINHUA) — Cameroonian Ambassador to China Jean Keutcha and his wife held a reception at the embassy here today to mark the national day of the Republic of Cameroon.



Chinese Minister of Commerce Hu Ping and Vice Foreign Minister Qi Huaiyuan attended the reception.

**NPC Vice Chairman Meets RSA Trade Unionists**  
*OW2105090388 Beijing XINHUA in English*  
*0537 GMT 21 May 88*

[Text] Beijing, May 21 (XINHUA)—Wang Hanbin, vice chairman of the Standing Committee of the Chinese National People's Congress, met here today a delegation from the South African National Council of Trade Unions, led by its Chairman James Mndaweni.

Wang expressed his appreciation of the council's unremitting efforts to combat the apartheid system.

He said that China always supports the South African people's just struggle against apartheid. As long as the South African people are united, they will surely win the final victory, he said.

The guests arrived May 9 at the invitation of the All-China Federation of Trade Unions and have toured in addition Shanghai, Changzhou and Nanjing. They are scheduled to leave for home later today.

### **West Europe**

**Portuguese Foreign Minister's Visit Announced**  
*OW2305022588 Beijing XINHUA Domestic Service*  
*in Chinese 0713 GMT 20 May 88*

[By reporter Peng Chengjin]

[Text] Macao, 20 May (XINHUA)—At a press conference yesterday evening, Macao Governor Melancia stated that he would make an important visit to Beijing on 27 May.

Melancia said: Though the Portuguese-Chinese Joint Statement stipulates that Macao will be under the jurisdiction of Portugal until 1999, yet based on our respect for the guidelines of the joint statement, we believe an exchange of ideas and data with China's relevant organizations will be of great help to Macao's future. Therefore, we deem it necessary to notify the Chinese side of Macao's future developments and the development projects the Portuguese side wishes to build.

Melancia pointed out that after his visit he will be responsible only for purely political tasks. Specific tasks will be the responsibility of the administrative department.

Melancia disclosed: The Portuguese foreign minister will visit Beijing at the end of June. At that time he will more extensively concentrate on Macao's economic development plan and the question of Sino-Portuguese relations.

**FRG Social Democrats Attend Security Meeting**  
*OW2105135688 Beijing XINHUA in English*  
*1037 GMT 21 May 88*

[Text] Beijing, May 21 (XINHUA)—"World peace and the future of mankind will require all peoples to be reasonable and cooperative, regardless of differences in ideology," said Zhou Peiyuan, president of the Chinese People's Association for Peace and Disarmament.

Zhou, also vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, made this statement at an international security symposium being sponsored by the association and the Federal Republic of Germany's Friedrich-Ebert foundation.

"Security is important to all countries, and the international community is very concerned about this issue," Zhou said at today's opening ceremony, "and at present, the situation is tense and turbulent, even though some relaxation of tension is evident."

According to Zhou, world peace and security are still severely threatened by hegemonism, the arms race and regional conflicts.

"Given this situation," Zhou said, "we have met to exchange views on security, which will deepen understanding and friendship, and help us continue efforts for world peace and security."

A delegation from Germany's Social Democratic Party, headed by statesmen Egon Bahr and Horst Ehmke, are also attending the two-day seminar where Egon Bahr said, "China and the Federal Republic of Germany both oppose the arms race and hope for a relaxation of tension in the world."

Bahr also said he has developed a cautious and optimistic attitude towards international security.

The U.S.-Soviet agreement on intermediate range nuclear weapons has been signed to cut nuclear weapons by some three percent, which is a positive change in the international situation, he said.

Bahr said he hopes for continued reduction and wishes this cut had included conventional weapons.

"The world's armed confrontation should be replaced by peaceful competition and economic cooperation," Bahr said.

Qian Liren, director of the "PEOPLE'S DAILY," and some 20 experts and scholars from China and the Federal Republic of Germany are scheduled to speak at the symposium.

**Meets Rui Xingwen**

OW2305155888 Beijing XINHUA in English  
1025 GMT 23 May 88

[Text] Beijing, May 23 (XINHUA)—Rui Xingwen, member of the Secretariat of the Chinese Communist Party Central Committee, met a delegation from the Social Democratic Party of Germany here this afternoon.

The visitors, led by Egon Bahr, member of the party's Presidium, and Horst Ehmke, vice-chairman of the party's parliamentary group, began their friendly visit to China as guests of the Chinese Communist Party today after attending a symposium on international security held here.

Rui briefed the Federal German visitors on China's reform and economic development in recent years.

**Envoy Marks FRG Constitutional Law Day**

OW2005150988 Beijing XINHUA in English  
0724 GMT 20 May 88

[Text] Beijing, May 20 (XINHUA)—The 39th anniversary of the proclamation of the Constitutional Law of the Federal Republic of Germany (FRG) was celebrated at a reception here today.

Lin Zongtang, Chinese minister of aerospace industry, attended the reception given by FRG Ambassador to China Ursula Hellbeck [name as received].

**Shanghai Mayor Meets Frankfurt City Delegation**

OW2305065988 Shanghai JIEFANG RIBAO  
in Chinese 15 May 88

[Text] Yesterday afternoon Shanghai Mayor Zhu Rongji met with an economic delegation from the FRG's Frankfurt City headed by Mayor (Brucker).

Both sides exchanged views on expanding economic and technological cooperation between the two cities. Present at the meeting were Li Zhuanqing, deputy director of the municipal economic commission, and Jia Zhenzhi, chairman of the Shanghai branch of the China Council for Promotion of International Trade.

**UK Chief Justice Visits, Hosted by Ren Jianxin**

OW2005201388 Beijing XINHUA in English  
1434 GMT 20 May 88

[Text] Beijing, May 20 (XINHUA) — Ren Jianxin, president of China's Supreme People's Court, hosted a banquet here tonight in honor of Lord Lane, the lord chief justice of England and Wales.

The two exchanged information on the other's judicial systems and hoped to further mutual understanding and cooperative relations of both sides.

Lord Lane, who arrived yesterday, is here as guest of the Supreme People's Court and will tour Xian, Shanghai and Guangzhou.

**Meets Wang Hanbin**

OW2105141388 Beijing XINHUA in English  
1210 GMT 21 May 88

[Text] Beijing, May 21 (XINHUA)—Wang Hanbin, vice-chairman of the National People's Congress Standing Committee, met Lord Geoffrey Lane, the lord chief justice of England and Wales, and his wife here this afternoon.

Wang briefed the visitors on China's legislation.

Liu Fuzhi, procurator-general of the Supreme People's Procuratorate, met and feted Lord Lane and his party here this evening.

**Wu Xueqian Meets Icelandic Delegation**

OW2305044288 Beijing XINHUA in English  
0113 GMT 23 May 88

[Text] Beijing, May 23 (XINHUA)—Chinese Vice-premier Wu Xueqian met an Icelandic delegation from the Ministry of Energy and Industry led by Minister Fridrik Sophusson here this morning.

Chinese Minister of Geology and Mineral Resources Zhu Xun was present at the meeting.

**East Europe**

**CSSR's Secretary Jakes Begins Far Eastern Tour**

OW2305001688 Beijing XINHUA in English  
2357 GMT 22 May 88

[Text] Prague, May 22 (XINHUA)—Czechoslovak Communist Party General Secretary Milos Jakes left here today for a friendly visit to China, the first leg of his Asian tour.

The relationship between Czechoslovakia and China has improved rapidly since the current Chinese Communist Party secretary, Zhao Ziyang, who was then premier and acting party secretary, visited the country last June.

Jakes' visit to China would make further contribution to the two nations' relations.

After his tour of China, Jakes will visit the Democratic People's Republic of Korea and the People's Republic of Mongolia.



**Arrives in Beijing**

OW2305054888 Beijing XINHUA in English  
0530 GMT 23 May 88

[Text] Beijing, May 23 (XINHUA)—Milos Jakes, general secretary of the Central Committee of the Czechoslovak Communist Party, arrived here by special plane this morning on a five-day official goodwill visit to China at the invitation of his Chinese counterpart Zhao Ziyang.

Welcoming Milos Jakes and his party at the airport were Wu Xueqian, member of the Political Bureau of the Central Committee of the Communist Party of China (CPC) and vice-premier of the state Council, and Zhu Liang, member of the CPC Central Committee and head of the International Liaison Department of the CPC Central Committee.

This afternoon, Zhao Ziyang will officiate at a ceremony welcoming Milos Jakes, and hold talks with him. Zhao will host a banquet in honor of the Czechoslovak guests in the evening.

**Prague Reports on Arrival**

LD2305080488 Prague Domestic Service  
in Slovak 0700 GMT 23 May 88

[Text] China: Milos Jakes, general secretary of the CPCZ [Czechoslovak Communist Party] Central Committee, arrived in Beijing today for an official, friendly visit of the Chinese People's Republic. The visit is taking place at the invitation of Zhao Ziyang, general secretary of the Central Committee of the Communist Party of China [CPC].

The special TU-154 aircraft landed at 1100 hours local time at the southern landing strip of the Beijing airport, which is reserved for important foreign visits. The Czechoslovak guest and his entourage were welcomed by Wu Xueqian, member of the Politburo of the CPC Central Committee and vice chairman of the State Council.

Chinese and Czechoslovak young pioneers presented Comrade Milos Jakes with flowers. Afterwards Comrade Jakes exchanged greetings with officials of the Czechoslovak Embassy and Czechoslovak citizens who are working in Beijing.

After the first welcome on Chinese soil, Comrade Jakes and his entourage were driven to their Diaoyutai residence in Beijing. In front of the residence the guest was welcomed by a column of Chinese children and pioneers. Comrade Jakes' residence is within the grounds of the former emperor's summer resort, the oldest part of which was built more than 800 years ago. It contains one of the most beautiful gardens in the Chinese capital.

The motorcade drove along the broad Beijing Changan Boulevard where the main Tiananmen Square was decorated with the national flags of both countries. One of the dominant features of the large square is the hall of the Chinese National People's Congress where the official welcome of the general secretary of the CPCZ Central Committee took place this morning.

Comrade Milos Jakes, when flying over the territory of the Mongolian People's Republic, had sent a telegram of greetings to Jambyn Batmonh, general secretary of the Central Committee of the Mongolian People's Revolutionary Party and chairman of the presidium of the People's Great Hural.

**XINHUA Profiles CSSR's Milos Jakes**  
OW2205021688 Beijing XINHUA in English  
0139 GMT 22 May 88

[Text] Beijing, May 22 (XINHUA)—Milos Jakes, general secretary of the Central Committee of the Communist Party of Czechoslovakia, will pay an official goodwill visit to China from May 23-27, at the invitation of Zhao Ziyang, general secretary of the Central Committee of the Communist Party of China.

Jakes was born on August 12, 1922, and once worked as electrician, assembly technician and shoe designer. He joined the Communist Party of Czechoslovakia in June 1945, and served in the Czechoslovakian Youth Union as committee chairman at both the district and regional levels. Jakes was a member of the Youth Union Presidium and secretary of the Central Committee.

He became head of the National Committee's division of the Central Committee of the Communist Party of Czechoslovakia in 1958, head of the Central Office for the National Committee's Affairs Department in 1961, and two years later was chosen first deputy chairman of the Central Administration for Development of Communal Economy. From 1966 to 1968 he was deputy minister of the Interior Ministry. He was a member of the Central Control and Auditing Commission during 1966-67, and made chairman of the commission in March, 1968.

In 1977 Jakes was elected a member of the Central Committee and an alternative member of the Presidium and secretary of the Central Committee. From 1981 on he was a member of the Presidium and secretary and chairman of the National Economic Committee of the Central Committee. He was elected general secretary of the Central Committee of the Communist Party of Czechoslovakia in December, 1987.

The visit to China by General Secretary Jakes is expected to further strengthen friendly cooperation between the Chinese and Czechoslovakian Communist Parties and enhance the traditional friendship between the people of the two countries.

**Zhao Ziyang Greet Hungary's Grosz, Kadar**  
*OW2305083988 Beijing XINHUA in English*  
*0802 GMT 23 May 88*

[Text] Beijing, May 23 (XINHUA)—General Secretary Zhang Ziyang of the Chinese Communist Party Central Committee today congratulated Karoly Grosz and Janos Kadar upon their elections as general secretary and chairman of the ruling Hungarian Socialist Workers' Party.

In separate messages to Grosz and Kadar today, Zhang Ziyang said "on behalf of the Chinese Communist Party Central Committee and in the name of myself, I express to you heart-felt congratulations."

In his message to Grosz, he hoped the friendly cooperative relations between the two parties, nations and peoples will ever grow and that the Hungarian people score new achievements in their socialist construction and the great cause of safeguarding world peace.

In his message to Kadar, Zhao hoped the bilateral friendship will last for ever.

### **Latin America & Caribbean**

**Ji Pengfei Meets Former Bolivian Minister**  
*OW2105122288 Beijing XINHUA in English*  
*1126 GMT 21 May 88*

[Text] Beijing, May 21 (XINHUA)—Ji Pengfei, member of the Standing Committee of the Chinese Communist Party Central Advisory Commission, and his wife met and hosted a dinner for Edgar Camacho Omiste, former foreign minister of Bolivia and secretary in charge of international affairs of the Movement for Liberal Bolivia, and his wife here tonight.

During their cordial conversation, Ji praised Camacho for the contributions he made when he was foreign minister to the establishment of Sino-Bolivian diplomatic relations and to the expansion of bilateral relations.

**XINHUA Official Ends Mexico Visit**  
*OW2205020388 Beijing XINHUA in English*  
*0045 GMT 22 May 88*

[Text] Mexico City, May 21 (XINHUA)—Vice president of the XINHUA NEWS AGENCY, Guo Chaoren, ended his visit to Mexico and left here today for New York.

The vice president of china's official news agency arrived in Mexico City on May 16 at the invitation of the Mexican news agency NOTIMEX after his visit to Cuba.

During his stay, Guo met with General Director of the Mexican Presidency Social Communication [as received] Manuel Alonso, Vice Interior Minister Fernando Perez Correa and NOTIMEX general director Hector M. Ezeta.

Guo and the Mexican press and information representatives discussed the strengthening of bilateral cooperation between the two countries.

Guo visited the premises of Televisa, one of Mexico's main television companies, and various historical sites in Mexico City.

He also visited the city of Cuernavaca, capital of the state of Morelos, and Guadalajara, Mexico's second biggest city and the capital of the state of Jalisco.

**Panama Breaks Military Ties With U.S.**  
*OW2005084788 Beijing XINHUA in English*  
*0008 GMT 20 May 88*

[Text] Mexico City, May 19 (XINHUA)—Panama is to break its military ties with the United States by closing its military office in the U.S., the Panamanian Defense Forces Information Office announced today.

The statement said that Panamanian military attache in Washington, Navy Captain Jose Santos Motta, had "ended his military activities before the U.S. Government."

The Panamanian Government made the decision because the United States does not respect the dignity of the military and the doctrine of the Panamanian Defense Forces, a communique of the Information Office said.

"There is not any relationship nor any communication channel with the U.S. Armed Forces," the communique said.

Panama is the location of the United States Southern Command, where over 10,000 U.S. troops are stationed.

**Commentator's Article on Abuse of Power**  
*HK2005135688 Beijing RENMIN RIBAO*  
*in Chinese 20 May 88, p 1*

[Commentator's article: "Playing the Bully Will Never Be Tolerated"]

[Text] In recent days, the reports by the capital's press units about a kidnapping case on the Beijing-Shijiazhuang highway have shocked and infuriated people from all circles of society. Zhou Zhiyuan, chief of the communications bureau in Baoding Prefecture, together with his son, openly kidnapped a female cashier performing official duties in the capital in broad daylight. This is indeed absolutely lawless and appalling!

People cannot help asking:

Why did Zhou Zhiyuan dare to do so? Was this accidental?

Being so domineering in a road section outside his jurisdiction, would it not be easier for him to do as he pleases in Baoding Prefecture, where he has both position and power?

Why did the whole of his family come to Beijing, which is several hundred kilometers away from Baoding, on holidays by state-owned car? Did they come on official business?

Before verifying the relevant facts, we shall not jump to conclusions. However, from Zhou Zhiyuan's abominable performance on the Beijing-Shijiazhuang highway we can see what lengths he has gone to in relying on his power and position to ride roughshod over the people.

What merits attention is that people like Zhou Zhiyuan are not rare. In the communications, public security, industrial, commercial, taxation, water and electricity, and real estate administrative departments in some localities, there are indeed some people who get big-headed because they wield certain power. They disregard party discipline and state law, ride roughshod over the people, seek personal gain, and act wantonly. Disregarding what happened a long time ago, if we just look over the newspapers in recent days, we can easily find such instances.

Take as an example Huang Wenming, deputy director of the water conservation office in Xiamen City. Because he was dissatisfied with the decision to transfer his wife in her job, on two occasions he took advantage of his position to cut off the supply of water to a work site for a capital construction project, causing a loss of more than 180,000 yuan to the state.

Take as another example, Chen Shifu, deputy chief of the Industrial and Commercial Administrative Sub-Bureau in Shenzhen's Nantou district. When performing official business, he has been so reckless as to illegally search other people's homes and to beat and curse people.

Working in collusion with some financial personnel, he has wantonly embezzled industrial and commercial administrative charges, fines, and confiscated money. He has sold contraband and stolen goods and lined his pocket with the money. He has also taken advantage of his position to arrange jobs for relatives or allowed them to illegally engage in trade without a business license and to monopolize the meat market. The masses call him the "despotic ruler of the south."

The conduct of these people has seriously undermined the prestige of the party and the government and corrupted the general standards of social conduct. The broad masses of the people are entirely justified in their indignation at such behavior. Over the past few years, we have in fact punished a number of power abusers and wrong-doers who have earned the bitter hatred of the people and who have created an extremely bad influence. Taken as a whole, however, our struggles against this kind of disgusting conduct are not powerful enough. Many cases which have been described as having been "seriously dealt with" have in fact not been dealt with seriously, with either the necessary administrative and legal actions being replaced by disciplinary actions within the party or serious crimes being lightly sentenced or ending up with no definite result. This has inflated the arrogance of those who rely on their power and positions to perpetrate outrages and has bitterly disappointed upright and good people.

Some comrades pay close attention to safeguarding the prestige of the party and government. The best way to safeguard the prestige of the party and the government is not to prohibit people from exposing such abominable conduct, but to resolutely punish—according to party discipline, administrative discipline, and state law—those who pervert justice for a bribe and who play the bully. What the ranks of our party and government cadres lack is by no means quantity, but quality. What we primarily lack in the building of the legal system is that, instead of having no laws to go by, some people do not observe the law. To put a stop to the unhealthy trends and evil practices in party and government organs, about which the masses have the greatest complaint, it is imperative to implement the law conscientiously and seriously. If we do not strictly punish those cadres who have violated the law and discipline and who should be strictly punished, it will be impossible to puncture their despotic arrogance, to curb the growing unhealthy tendencies, to rouse the courage of upright people, and to increase the people's confidence in the party and the government. Naturally, when "strictly punishing" these people, we should also act according to the law but the main tendency in dealing with cadres violating the law and discipline is that we have been too lenient rather than too strict.

People are raising their heads and waiting to see how the kidnapping case on the Beijing-Shijiazhuang highway will be wound up. The decision of the leaders of Baoding Prefecture to temporarily relieve Zhou Zhiyuan of his



post for self-examination is necessary, but this cannot substitute for trial of the case according to the law by a judiciary organ. Since the case was perpetrated in Beijing, it ought to be tried by the relevant organ in Beijing Municipality. Zhou Zhiyuan, the man being primarily held responsible for the case, is now ill in hospital. There are comments among the masses about this. Since he has the courage to kidnap people, he should have the courage to accept the summons of the public security department. He can neither hide nor procrastinate. We hope Zhou Zhiyuan understands this truth and adopts a proper approach toward it.

**Li Peng Presides Over State Council Meeting**  
*OW2105155388 Beijing Domestic Service in Mandarin*  
*0930 GMT 19 May 88*

[Text] According to XINHUA, Premier Li Peng presided over the State Council's fifth routine meeting on 18 May. The meeting discussed and approved the provisional regulations on managing by lease of small-sized state industrial enterprises. After being supplemented and revised, the regulations will soon be promulgated for implementation.

The above provisional regulations are formulated according to the experience acquired in strengthening the enterprise structural reform and in adopting the method of managing by lease in the past few years. The regulations include eight chapters and 40 articles. They specifically stipulate the basic principles of managing by lease, the scope which the regulations can be applied to and the procedures which should be followed. They also include specific stipulations on the signing, modification and renunciation of contracts on managing by lease, rights and obligations of lessors and lease-holders, the distribution of earnings and the handling of creditor's rights and liabilities. Specific stipulations are also available for the income of the leaser and the lease-holder.

A comrade of the State Council's departments concerned points out: The implementation of the regulations will further promote the healthy development of the method of managing by lease of the small-sized state industrial enterprises.

**Zhao Ziyang Inspects Tianjin 19-21 May**  
*SK2205070988 Tianjin City Service in Mandarin*  
*2200 GMT 21 May 88*

[Summary From Poor Reception] "From 19 to 21 May Zhao Ziyang, general secretary of the CPC Central Committee, made an inspection tour of Tianjin Municipality and sponsored a forum with municipal leading comrades at which he put forward some important opinions on accelerating the pace of conducting reforms in the economic systems and of opening to the outside world."

"During his inspection tour, he also received all deputies who are attending the municipal People's Congress session and members who are attending the municipal CPPCC Committee's session."

"During his inspection tour, he expressed satisfaction with the work done by the Tianjin Economic and Technological Development Zone and with its development and was very pleased with the achievements scored by (? Daqiu Zhuang Village)."

"During his inspection tour, he was accompanied by Li Ruihua, secretary of the municipal party committee and mayor of the municipality; Nie Bichu and Liu Jinfeng, deputy secretaries of the municipal party committee and vice mayors of the municipality; and Zhang Lichang, vice mayor of the municipality, to hear briefings and carry out observations."

Wherever he went during his inspection tour, he repeatedly explained the new rules and regulations for enterprise workers and attached importance to ideological and political work.

On the morning of 21 May, Comrade Zhao Ziyang made an inspection tour of the Tianjin Economic and Technical Development Zone where he heard briefings given by the zone's responsible personnel. He also visited (? Daqiu Zhuang Village) to look into the situation among town-run enterprises. He was warmly welcomed by the masses wherever he went.

**Encourages Tianjin Enterprises**  
*OW2305060288 Beijing XINHUA in English*  
*0537 GMT 23 May 88*

[Text] Beijing, May 23 (XINHUA)—Chinese businessmen should not be afraid to suffer losses initially when they deal with foreign business people, China's top leader Zhao Ziyang says.

"If you want to make something out of somebody, you have to give something to him first," Zhao said in a speech Saturday while on an inspection tour of Tianjin, the country's third largest city.

Zhao said that to set up a joint venture and make cooperation with foreign people, it is not practicable to expect big profits at the very beginning.

Yet, facts have shown that long term cooperation with foreign enterprises will be beneficial to China, said Zhao, general secretary of the Chinese Communist Party, in an article that appeared in the overseas edition of PEOPLE'S DAILY today.

Zhao urged Chinese enterprises to develop links with foreign-fund ones.

He said many large state-owned enterprises in coastal areas have better technology and equipment now but are still plagued with poor management and backward system.

What is needed to increase production is a "grafting" of advanced technology and management, he said.

Zhao said that to enter the international market, one must pay attention to opening a sales network.

To that end it was important to make use of foreigner's sales network, he said.

Zhao began his inspection tour of the city's economic and development zone on May 19, the first in two years, and said he could see progress.

The zone's output in the first four months was 18.8 million yuan plus 1.55 million U.S. dollars in foreign earnings. One hundred contracts with foreign business people were concluded; 56 have gone into production.

Zhao also visited Daqiu Zhuang Village on the suburbs of the city.

**GUANGMING RIBAO Views Freedom**  
*HK2205074088 Beijing GUANGMING RIBAO*  
*in Chinese 2 May 88, p 3*

[Article by Yu Wujin (0205 0710 6855): "On Two Kinds of Different Concepts of Freedom"]

[Text] The concept of freedom has always been an important topic in the discussions among China's philosophical circles. With the publication of voluminous translations and articles on academic works on Western humanism, the topic of freedom has become a hot issue. However, we have not made any serious semantic analysis of the concept of freedom, and we have failed to strictly differentiate freedom in the sense of cognition from freedom in the sense of anthropological ontology. This has resulted in theoretical misunderstanding and much confusion. The author of this article is attempting to clarify a few points in this aspect.

**Freedom in the Sense of Cognition [subhead]**

In the textbooks on dialectical materialism published in China, the topic of the relationship between freedom and necessity is touched upon invariably. The invariable conclusion drawn in these discussions is: Freedom is the knowledge of necessity and the transformation of the objective world. We might as well regard such a concept of freedom as one in the sense of cognition.

In his book "Anti-Dühring," Engels made the best classical explanation of this concept of freedom: "Freedom does not exist in an imagery independent of natural laws, but in the knowledge of these laws and in the possibility thus given of systematically making them work toward definite ends....

Therefore the freer a man's judgment in relation to a definite point in question, the greater the necessity with which the content of this judgment will be determined; while the uncertainty founded on ignorance, which seems to make an arbitrary choice among many different and contradictory possibilities of decision, shows precisely by this that it is not free, that it is commanded by the very object it should itself command." ("Selected Works of Marx and Engels," Vol 3, pp 153-154) The concept of "knowledge" appears twice and the concept of "ignorance" once in this statement by Engels. In fact, "ignorance" was used here as the antonym for "knowledge." Engels' inference has shown that he did not view the concept of freedom from the perspective of man's social historical existence as in certain political, religious, legal, or moral concepts, but from the perspective of cognition in dealing with the matter of freedom. This holds true particularly in his view that the deeper man's knowledge of objective matters and the law governing them, the freer his judgment.

Engels believed that Hegel was the first to correctly describe the relationship between freedom and necessity. This shows that his concept of freedom had a direct link with Hegel's. Hegel's concept stresses the following two aspects: 1) Freedom does not refer to arbitrariness and free will as in popular belief; and 2) necessity unknown is blind. When these two aspects are put together, it means that freedom is the knowledge of necessity. Engels' discussion as quoted above was actually based on materialism and the elaboration of Hegel's concept of freedom.

It is needless to say that the formation and proposal of such a concept of freedom in the sense of cognition is of great significance. It tells us that freedom does not mean breaking through the restrictions of necessity in one's imagination; on the contrary, freedom is objectively preconditioned by necessity. The deeper people's knowledge of objective things, the freer their judgment, choice, and determination. Those who disregard and refuse to follow the objective law will sooner or later fail in reality. However, freedom in the sense of cognition has its explicit realm of application. It chiefly expresses the relationship between the subjective aspect and objective matters as well as the law governing them, and chiefly involves people's practice in transforming external nature in the name of science. If the concept of freedom in the sense of cognition is regarded as the only form of expression, making it absolute and applicable to other occasions, it is likely to lead to theoretical confusion.

**Freedom in the Sense of Anthropological Ontology [subhead]**

Ontology assumes various forms. Traditional ontology is based on spiritual or material things. The anthropological ontology referred to here means the philosophical doctrine based on and starting from man's existence. Such an ontology finds typical expression in the contemporary ideological trend of existentialism. The concept of freedom in the sense of anthropological ontology

means the specific definition of the concept of freedom, which chiefly involves man's practice in politics, law, religion, and ethics, starting from the ontological phenomena of his existence.

Such a concept of freedom finds the most conspicuous expression in Sartre's doctrine. Starting from the primary principle of existentialism that existence comes before nature, Sartre pointed out: "Determinism does not exist—man is free, man is freedom." (Sartre: "Existentialism and Humanism" 1978 English version, London p 34) The peculiar nature of man's existence precisely finds expression in the characteristic that man is free and man is sentenced to be free. He was thrown into this world naked, without any help or pretext, and he must define his own nature through his own actions; namely, a series of choices in his own development.

We will come to Kant when we trace the theoretical origin of the concept of freedom in the sense of anthropological ontology. Kant divided reason into pure reason and practical reason, the former involving cognition. Actually, it has drawn a demarcation line between freedom in cognition and freedom in scientific practice. The latter involves matters in ethics and religion. Actually, it involves freedom in the sense of anthropological ontology. Kant said: "Freedom is reason, which under no circumstances is determined by whatever causes of the perceptual world." ("The Fundamental Principles of Metaphysics of Ethics," Shanghai People's Publishing House, 1986 edition, p 107) Here, the self-determination of man's will as the subjective aspect of ethical practice is being focused on. In Kant's view, if man's will cannot be made freely on his own, it will be impossible for him to bear moral responsibility for his own behavior. However, Schopenhauer believed that the freedom of will as Kant emphasized was not thorough enough, on the grounds that Kant advocated putting the will by reason into law; hence, such a will would still be restricted by reason. In Schopenhauer's view, the will of life is the essence, and primary at that, while man's knowledge is secondary and serves the will of life. This actually affirms that freedom in the sense of anthropological ontology is more fundamental than freedom in the sense of cognition. This thinking exerted great influence on both Heidegger and Sartre.

In short, freedom in the sense of anthropological ontology focuses on consciousness of the self and a sense of unshirkable responsibility of the subjective aspect in social behavior. If there is any departure from such consciousness of the self and the sense of responsibility, the historical nature of the subjective aspect will be eliminated and man will become nothing more than an abstract container of knowledge. It is precisely this consciousness of the self and sense of responsibility that are stressed in Sartre's concept of freedom. Therefore, the merits and demerits of his concept of freedom should be analyzed and criticized from the angle of anthropological ontology.

#### Differences Between the Two Concepts of Freedom [subhead]

People often criticize the concept of freedom in the sense of anthropological ontology with the yardstick of the concept of freedom in the sense of cognition. Because of the great differences between these two concepts of freedom in their implications, such a practice can only lead to theoretical confusion.

First, there are differences in the objective basis of these two concepts of freedom. The concept of freedom in the sense of cognition is based on the law governing nature. Although Engels stressed this, the law governing nature in his understanding referred to not only the law governing external nature but also to the law governing man's own physical as well as spiritual being. However, he did not make any in-depth discussions on the differences between these laws, only touching upon their common aspects. On the other hand, his focus was always on the law governing external nature. Therefore, immediately following the statement quoted above, Engels wrote: "Freedom, therefore, consists of command over ourselves and over external nature, a command founded on knowledge of natural necessity." ("Selected Works of Marx and Engels," Vol 3 p 154) Freedom in the sense of anthropological ontology does not deny the existence of the law governing external nature. If a person who does not know anything about swimming should dive into deep waters seeking "freedom," such freedom would naturally be imagery, and the law governing nature would surely and unmistakably play its role—he would drown immediately. No one would doubt it, including Sartre. However, the concept of freedom in the sense of anthropological ontology is built chiefly on social life as its objective basis. The law that governs nature works independent of human factor; while in social life, all activities will take place only with the participation of man as their subjective aspect. Therefore, whenever we talk about practical activities in the areas of politics, the law, ethics, and religion, we have to resort to the concept of freedom in an ontological sense.

Second, there are differences in the connotations of the subjective aspects relative to the two concepts of freedom. Because the purpose of cognition is to tell the true from the false (truth and falsehood), it is necessary to reject the interference of all emotional factors and value factors from the subjective aspect if the truth of any objective matter is to be correctly revealed. On the contrary, freedom in an ontological sense corresponds to any subjective aspect in society seeking existence. Regarding this subjective aspect, the world exists primarily as one with meaning in any person's eyes; that is, this world must be useful to him and capable of maintaining his existence. Only when his basic needs for existence are satisfied will it be possible for him to explore the world in the eyes of a pure knowledge-seeker systematically. Therefore, such a subjective aspect will not reject his emotional and value factors; on the contrary, his freedom is preconditioned by these factors. If we conduct an



in-depth analysis, we will find that even as a subjective aspect of a pure knowledge-seeker, he will still be affected by his emotional and value factors as soon as he enters the reality of social life, despite the fact that the topics in his studies are matters concerning external nature. What happened to Copernicus, Galileo, Giordano Bruno, and William Harvey may well serve as evidence. Lenin said that any maxim can be overthrown if it violates the people's interests. Under whatever circumstances, the issue of survival has always been the primary issue faced by mankind. The basic freedom mankind seeks is the freedom of existence. In the final analysis, the freedom of knowledge, reason, and science serves the freedom of existence.

And third, the knowledge of external necessity does not mean resolving the freedom of existence. Within the area of freedom in a pure sense of cognition, we may say, the deeper is man's knowledge in the law governing external nature, and the freer is his practice in transforming the world. By no means should we spread this conclusion lightly to the area of freedom in the sense of anthropological ontology, namely, people's life in society. In reality, both freedom and choice are concepts with very rich implications, of which not only are matters of science and cognition included, but also political and religious beliefs and a sense of legal responsibility, all which are all the more important. Engels said: "Hesitation is based on ignorance." "Ignorance" in this sense does not fall out of the category of cognition. However, on many occasions, hesitation does not derive from ignorance of external necessity, but a rather complicated psychology, especially conflict resulting from a certain sense of moral responsibility. Knowledge as much as ignorance may lead to hesitation. Take for example a revolutionary who, having a perfect grasp of the law governing social development, is under arrest and given an hour to decide between two choices: Betraying his political beliefs to seek survival, or sacrificing himself to safeguard revolutionary interests. If hesitation should emerge in his mind during that hour, can we say that is out of his ignorance? No, he has a very clear picture of all the consequences, but he will still hesitate, because in this case the matter of freedom and choice has far exceeded the areas of science and cognition, while involving such major issues as life, emotions, political beliefs, and moral responsibility. When discussing Kierkegaard's view, Sartre said: "Kierkegaard is correct. The sorrow, needs, passions, and pain of mankind are of original existence. They are things not to be overcome or changed by knowledge." (Sartre: "Search of a Method," 1963 English edition, New York, p 12) This fully shows that the understanding of freedom in the sense of cognition alone is far from enough.

Because the theme of this article is confined to discussing the differences between the two concepts of freedom, I shall have to deal with the connection between them and how to acquire an integral understanding of the Marxist concept of freedom on the basis of criticizing Sartre's concept of freedom later.

**GUANGMING RIBAO on Theoretical Research**  
*HK2005145188 Beijing GUANGMING RIBAO*  
*in Chinese 10 May 88, p 3*

[Article by Dong Fureng (5516 6534 4356): "It Is Necessary To Further Emancipate the Mind, To Carry Out Research More Realistically and More Profoundly"]

[Text] It has been 10 years since the discussion on the criteria for judging truth started. This discussion has stimulated the emancipation of the mind and blazed a new trail for reforms and socialist modernization in China. In the meantime, China has made unprecedented development and achievements in theoretical research in the course of reforms and socialist modernization. This indicates that our correct theory has given a great impetus to reforms and socialist modernization. However, we should not rest content with our achievements. Practice over the last 10 years has proved that reforms will take a longer process than expected and that difficulties and problems in reforms are more complicated than expected. Building a strong, modern socialist country requires the hard work of several generations. Practice over the last 10 years has also proved that theoretical preparations for China's reforms and socialist modernization are inadequate and that China's theoretical research work is lagging far behind reforms and socialist modernization. This is not strange, because China's reforms and socialist modernization are carried out without a precedent to go by and reference from foreign countries is also limited. Such being the case, it is difficult to formulate a complete and correct theory for reforms and socialist modernization. Apart from this, prolonged ideological rigidity and seclusion from the outside world have brought about long-term stagnation in China's theoretical research work. As theoretical research work is lacking creativeness and vitality, it is impossible to change its backward aspect within a short time.

Reviewing the last 10 year I think economic theoretical research work should focus on the following points, but these are only my tentative ideas.

First, it is necessary to further emancipate the mind. Achievements in economic theory over the last 10 years have been the results of emancipating the mind. Imposing restrictions on theoretical research or making personal "judgments" in the capacity of an authority will only obstruct the development of theory. Reforms and construction are developing more profoundly, therefore theory should also develop more profoundly. To develop theory more profoundly, we must break away from the binds of outmoded or incorrect conclusions and remove traditional prejudices. In this respect, the mind needs continuous emancipation. Several years ago, many people thought that under socialist conditions in China, land, labor force, and state enterprises were not commodities. But practice over the last few years has enabled these people to break away from this mental concept. Now land in the rural areas can be transferred with

compensation, some cities have started opening real estate markets, state enterprises have become objects for compensatory transfers, and a labor force market is beginning to appear. From all this, do we not feel that there is a need to further emancipate the mind and develop the theory on socialist commodity economy?

Second, it is necessary to carry out theoretical research work in a down-to-earth manner. At the beginning of reforms and opening up to the world, many people aired some exciting and sensational opinions and comments for the purpose of breaking away from the binds of outmoded and incorrect theories, exposing the shortcomings of the old economic structure, and discussing the framework of a new economic structure. Although these opinions and comments were useful at that time, a more realistic approach than exciting and sensational comments is now necessary for the study of problems emerging in the course of reform and opening up to the world. Because theoretical research is more difficult now, more strenuous efforts and earnest spirit are required. Otherwise, it is impossible for us to make achievements in the theoretical field, and we cannot adapt ourselves to the further development of reforms and construction. What is important at present is a cooler head.

Third, it is necessary to pay attention to division of work in specialized units in the course of theoretical research. Over the last few years, people in economic theoretical circles have been very active in writing articles, publishing magazines, and setting up research organizations. But shortcomings have also occurred during this period. A large number of articles have flooded in, but they are only repeating what others have said. Many publications look much alike and articles in them are of a low standard and lack their own special features. Quite a number of research organizations are of the same nature and do not have their own strong points. Apart from wasting resources, they are not of much use to the further development of theory. The way to resolve this problem is to carry out professional division of work among researchers, in the publication of magazines, and in research organizations. Cooperation and competition can be carried out on the basis of professional division of work. In this way, our country's economic theoretical research work will thrive and develop.

Fourth, it is necessary to provide favorable conditions for the growth of young theoretical workers. Some young theoretical workers have made contributions to the development of economic theory, and some rank in the forefront of economic research. Young theoretical workers have shortcomings in their work. They need the assistance of their predecessors, and mutual understanding between young theoretical workers and their predecessors is also important. However, the main problem is that many rules, regulations, policies, and traditional prejudices are still hampering the growth of young theoretical workers. This is quite detrimental to the further

development of reforms and construction. On the question of treating young people, should we not further emancipate our minds? Are there not many prejudices and outmoded rules and regulations to be removed?

**Editorial on Deng Xiaoping Price Reform Remarks**  
*HK2305064088 Hong Kong WEN WEI PO in Chinese*  
23 May 88, p 2

[Editorial: "The Background of Deng Xiaoping's Remarks on Price Reform"]

[Text] On the road of reform, socialist countries have all encountered the problems of inflation and price hikes. Prior to the reform, they failed to follow the economic laws and practiced the system of everyone sharing food from the big pot. As a result, their productive forces developed at a slow pace and social commodity supply could not meet social demand. Hence, they had to adopt the method of limiting supply, freezing prices, and planned distribution which covered up the problem of short supply. Nevertheless, insufficient production throughout the society led to more debts. Producers had no initiative, labor productivity stagnated, and living standards remained unimproved which gave rise to a "crisis in confidence."

Unless the old system is reformed, there will be no way out for socialism. Under the conditions in which general demand exceeds general supply, however, it would be rather risky to pursue a commodity economy, let the prices fluctuate, and allow the prices of sought-after commodities to increase which may stimulate people to increase production to make more profits. The situation in Poland serves as a typical example. After a delegation of powers, enterprises in Poland could decide on commodity prices, wage increases, and bonus issuances. Consequently, the increase in workers' wages outstripped labor productivity. Excessive printing and issuance of currency intensified inflation and aggravated the short supply of commodities. Hence, the workers demanded a higher pay. They got used to the leisurely and lazy life of the past and were discontented with the increasing intensity of labor after reform. Therefore, they did not want reform to continue.

Will China also follow the example of East European countries and land itself in a predicament of grave crisis caused by reform? This is a question of common concern. There are two views in theoretical circles: One holds that China should first stabilize prices, while the other insists on giving priority to the development of production.

Regarding this question, top Chinese leaders are sober-minded and have already adopted countermeasures. Long ago, China studied and noted Eastern European reforms and discovered that Eastern Europe first started with pricing reform and regarded it as the focus of their reform as a whole. Instead of touching the ownership and distribution system, this method merely delegated



powers to enterprises which could hardly arouse the enthusiasm of producers. Instead of increasing efficiency, this method gave rise to inflation. To avoid such consequences, China chose the road of developing diverse economic sectors, allowing some individuals to become rich first, and implementing the contract system in enterprises and factories. The reform of the price system started only after the steady development of diverse economic sectors. This method is conducive to increasing commodity production and avoiding price hikes.

In his government work report to the NPC session, Premier Li Peng recently expounded the viewpoint of "maintaining the economy from both supply and demand." He said that the purpose of enterprise reform is to stimulate people's enthusiasm for production. He repeatedly emphasized that the ultimate goal of developing productive forces is to increase social general supply.

On this basis, China started the reform of the price system not long ago. Deng Xiaoping recently pointed out: "As pricing reform is a bold move, we must undertake some risks. Central authorities are confident of doing a good job in this reform." "It will be impossible to take a step forward if we are plagued by various fears." This shows that there are different views on how to carry out the reform and how to estimate the difficulties. The central authorities have deliberated the question of pricing reform and have taken the risks into account. If China's reform as a whole stops halfway when encountering the problem of pricing reform, reform of the ownership system at the previous stage will lack motivity and the increase in commodity production will fall through, thus making the unclear picture of "the old system has been smashed, but a new one is not yet established" more indistinct. The old pricing system does not conform to the law of value. It hinders the development of production and represses equal competition among enterprises. For the sake of subsidizing prices, the state shoulders a heavy financial burden. If China wants its economy to reach the level of the developed countries and let the people benefit from the achievements of reform, support reform, and bear the temporary pain, it must resolve the question of prices.

China has courageously taken the first step of pricing reform. The increase in the relatively low price of food has stimulated the enthusiasm for agricultural production. So long as the question of agriculture is solved, China will be able to make the best use of the situation and forge ahead in its future reform.

**Beijing Curbs Illegal Sales of Plastic Sheeting**  
HK2005105888 Beijing RENMIN RIBAO in Chinese  
18 May 88 p 1

[Report by Wu Changsheng (0702 7022 3932): "Beijing Cracks Down on Illegal Sales of Plastic Sheeting for Agricultural Use"]

[Text] Why has the price of plastic sheeting for agricultural use has risen from 5,845 yuan per ton to 8,500 yuan? A case of illegal sales of plastic sheeting for agricultural use recently cracked by the Beijing price department provides the answer. Fines were imposed on the Beijing branch of the Shanxi agricultural, industrial, and commercial company and the Huayun commercial cooperative, in addition to having their illegal income confiscated, for their involvement in the illegal sales of plastic sheeting for agricultural use.

In October last year, the Beijing Agricultural Production Materials Company purchased a batch of this plastic sheeting from the Beijing No 4 plastic factory at a cost of 5,250 yuan per ton. Through normal channels, it sold the plastic sheeting to the Haidian District Agricultural Production Materials Company at 5,513 yuan per ton. Subsequently, the district agricultural production materials company sold the plastic sheets to the district's Sijiing production materials purchasing station at 5,745 yuan per ton. The Shanxi Agricultural, Industrial, and Commercial Company bought 5.53 tons of plastic sheeting from the station at 5,845 yuan per ton (as disclosed by a comrade from the Beijing price bureau, this is the final price for the peasants). However, instead of using the plastic sheeting for agricultural production, the company resold 5.448 tons of it to the Huayun commercial cooperative at 6,700 yuan per ton. Then the Huanyuan commercial cooperative divided the sheeting into three portions and resold them to three units of Henan's Gongwenfu agricultural machinery station for 7,000 yuan, 7,800 yuan, and 8,500 yuan per ton. The Shanxi Agricultural, Industrial, and Commercial Company netted an illegal income of 4,658 yuan and the Huayun commercial cooperative made 4,109 yuan.

The Haidian and Xicheng district price inspection stations discovered these illegal sales of plastic sheeting during a price inspection in March this year. According to the relevant state regulations, the illegal income obtained by the above company and cooperative was confiscated and they were fined 1,000 yuan each.

#### Commentator's Article

HK2005111088 Beijing RENMIN RIBAO in Chinese  
18 May 88 p 1

[Commentator's article: "Punish the 'Pickpockets' in the Circulation Channel According to Law"]

[Text] Excessive rises in the prices of agricultural production materials have directly affected the peasants' interests and seriously harmed agricultural production. This trend has aroused strong dissatisfaction among the peasants and has attracted the attention of the State Council.

Many people cannot help asking: Why have the prices of these materials risen? The case of illegal sales of plastic sheeting for agricultural use cracked by the relevant Beijing department provides the answer. Just imagine,



after six lots of selling and reselling, the price of the plastic sheeting rose from 5,250 yuan per ton to 8,500 yuan, an increase of 61.9 percent over its ex-factory price and 45.4 percent over its retail price. If this speculative activity is allowed to continue, how will the peasants farm their lands?

Evidently, it is necessary to stop this speculation and punish "brokers" and "pickpockets" who have wormed their way into the circulation channel.

As in a volleyball game, a "second passer" is indispensable in the circulation channel. But "second passers" like the Shanxi Agricultural, Industrial, and Commercial Company and the Huayun Commercial Cooperative can only be equated to "wild geese pecking others' feathers"; they are engaged in "pickpocketing" and have arbitrarily raised the prices of plastic sheeting for agricultural use. The former is even worse than the latter. The company bought a batch of plastic sheeting at a low price set by the state and resold it at a high price. As revealed, quite an amount of agricultural production materials have been sold and resold at high prices by such "companies" or individuals, thus turning these production materials into commodities with "unplanned prices." The department concerned should lose no time in stopping this loophole.

It is true that illegal reselling of agricultural production materials must be seriously dealt with, but is there no shortcoming in the legal circulation of these materials? Take the several tons of plastic sheeting as an example. Was it really impossible to reduce the four links of transaction before the involvement of the Shanxi Agricultural, Industrial, and Commercial Company? Could one or two links be reduced? A "second passer" should play the role of a circulation link. We suggest that agricultural production materials supply departments check their rules and regulations in the spirit of reform and reduce their circulation links so as to reduce costs.

Although this reselling of plastic sheeting does not constitute a major crime, it demonstrates a big problem. We will continue to expose and report such cases. We hope the masses will share their efforts in combating the evil trend of raising prices at will.

**Jan-Apr Foreign Trade Shows Large Increase**  
HK2105075088 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0934 GMT 19 May 88

[Text] Beijing, 19 May (ZHONGGUO XINWEN SHE)—Today, the General Administration of Customs published China's import and export figures for the first 4 months of 1988. The total volume of imports and exports reached \$22.03 billion, an increase of 21.7 percent over the same period of last year.

The volume of exports between January and April was \$10.08 billion, and the volume of imports in the same period was \$11.85 billion, showing respective increases of 27 and 17 percent over the same period last year.

The trade volume between Mainland China and the Hong Kong and Macao region was \$7.59 billion with a balance of \$1.6 billion in Mainland China's favor. The trade volume between China and Japan was \$5.14 billion with a balance of \$580 million in Japan's favor. The trade volume with the European Community was \$3.36 billion with a balance of \$730 million in the EC's favor. The trade volume with the United States was \$2.53 billion with a balance of \$560 million favorable to the United States.

**Enterprises Balance Foreign Currency Flow**  
OW2105120888 Beijing XINHUA in English  
1118 GMT 21 May 88

[Text] Beijing, May 21 (XINHUA)—China's Sino-foreign joint ventures, cooperative enterprises and exclusively foreign-funded businesses have basically balanced foreign currency income and expenditures, said Ling Zeti, deputy director of the State Administration of Foreign Exchange control.

According to the Ministry of Foreign Economic Relations and Trade, many enterprises in Shanghai, Beijing, Tianjin, Guangdong and Fujian are showing surpluses in foreign currency.

As of the end of last year, China had contracted 28.8 billion U.S. dollars worth of foreign investment, with the actual amount of foreign investment used at 8.5 billion U.S. dollars.

Ling Zeti attributes the success to policies introduced by the State Currency Control Administration to help foreign-funded firms balance foreign currency income and expenditures.

In discussing foreign currency administration in the future Ling said, China plans to offer more preferential policies, simplify management, work under economic and legal procedures, and eliminate government interference.

**Customs Procedures Simplified Effective 1 Jun**  
OW2005150488 Beijing XINHUA in English  
0725 GMT 20 May 88

[Text] Beijing, May 20 (XINHUA)—China's Customs Administration has just released new regulations which simplify customs procedures and reduce the duty on imported materials used in local processing industries.

Under the new regulations which will go into effect this June 1, anyone importing materials and parts required for processing export-oriented commodities does not have to pay import duty, and finished products processed with imported materials are exempt from export duty.

With the Customs Bureau approval, enterprises empowered to handle processing with imported materials and economic entities holding legal status may set up bonded factories and warehouses. Products processed by these factories for export are exempt from export duty, but those marketed domestically are taxable.

According to the Customs Bureau statistics, China now has 22,000 bonded factories which specialize in processing with imported materials, and these factories processed 7.5 billion U.S. dollars worth of goods in 1987, or 73.6 percent more than the previous year.

Processed commodities available now not only include clothing, knitwear, arts and crafts, jewelry and hardware, but also T.V. sets, aircraft and machinery.

**Chen Junsheng Urges More Aid to Poor Areas**  
OW2105083888 Beijing XINHUA in English  
0552 GMT 21 May 88

[Text] Beijing, May 21 (XINHUA)—Aid to the poor areas should be given in multi-forms to link their economic development with that of the much more developed coastal regions, the PEOPLE'S DAILY quoted a State Council official as saying today.

Chen Junsheng, state councillor, said that the aid should not be restricted to supplying relief materials.

The resources-rich areas in the western part of the country should form cooperative links with the developed areas, said Chen, while speaking at a State Council work session for aiding the poor areas.

He stressed that this cooperation will give play to the advantages of the underdeveloped areas, and bring about their rapid economic development.

The move will be beneficial to the developed areas as well, said Chen, adding that in the present initial stage of building an export-oriented economy, the coastal areas will still depend a lot on domestic raw materials.

Therefore, preferential policies should be worked out to enable the underdeveloped areas to attract investment from the developed areas, and engage in joint exploring projects, said Chen.

He also stressed the importance of bank loans in the course of cooperation between the poorer and richer areas.

**Economist on State Ownership Under Socialism**  
HK2305110888 Shanghai SHIJIE JINGJI DAobao  
in Chinese 2 May 88, p 7

[Report: "Yu Guangyuan Holds That State Ownership Should Not Be Basic System of Socialism"]

[Text] With the in-depth development of reforms, the issue of ownership has become a major topic of discussion in the economic circles. At a recent academic symposium, famous economist Yu Guangyuan put forth some new ideas and opinions.

Yu Guangyuan held: The basic character of the socialist ownership system is social ownership, and socialist state ownership is just a form of social ownership but is not a basic system of socialism, so it can be reformed.

Socialist state ownership is a concrete system under special historical conditions, so it should be appraised under special historical conditions. Today, it is particularly necessary to study the relationship between the form of socialist state ownership and the development of the socialist commodity economy so as to see the character of the contradiction between them and the way to settle this contradiction. This point is of special significance in the study of the historical destiny of this ownership form.

Yu Guangyuan concretely analyzed the functions of the four parties, namely, individual workers, enterprise managers, economic department in charge or local government, and the state authorities under the management form of socialist state ownership, and then pointed out many defects in the enterprises under state ownership and in the state management over these enterprises.

In the 9 years since the 3d Plenary Session of the 11th CPC Central Committee, the socialist state ownership has been reformed in many ways. Today's socialist state ownership is quite different from that 9 years ago. The fundamental character of this system has not been changed, but the substantial changes have been made.

Before the adoption of the leasing and contract system, the reforms in the state-owned enterprises and in the state management of these enterprises just caused some changes in the division of management powers between the enterprises, the economic departments in charge or local governments, and the Central Government, and the nature of state ownership was not affected at all. The reform of taxation in essence just strengthened socialist state ownership. The state authorities' direct control over the enterprises was changed into indirect control through the economic levers, but this did not affect the basic character of socialist state ownership.

However, after the adoption of the leasing and management contracted responsibility systems, things are quite different. The affiliation relationship between the enterprises and the state is changed into the contract relationship. Before the contracts, the lease and contract undertakers stand in an equal position with the government authorities concerned. During the contract period, the government authorities will not be able to interfere in the operation and management of the enterprises as before. In short, the adoption of the leasing and contract systems will weaken the original socialist state ownership to a certain degree. Yu Guangyuan put forward a question: Will a new form of socialist ownership appear in the reform of the socialist state ownership? He said that stress should be placed on the study of enterprise ownership. A new form of socialist ownership is growing and will become a vigorous trend beyond the scope of socialist state ownership.

**Welfare Factories for Handicapped Promote Jobs**  
*OW2005204088 Beijing XINHUA in English*  
1406 GMT 20 May 88

[Text] Beijing, May 20 (XINHUA)—Welfare factories have sprung up all over China promoting jobs for the disabled and generating funds for grassroots welfare causes.

Of the 27,000 enterprises now being run for and by handicapped people, 7,928 were set up last year.

The enterprises employ 1.14 million workers; 38 percent are disabled persons.

In the urban areas, 70 percent of the disabled people have been employed. The number is increasing in rural areas.

Zhang Dejiang, vice-minister of civil affairs, said that last year the welfare enterprises produced 11.47 billion yuan worth of goods, 67 percent more than the previous year.

A total of 920 million yuan was turned over to welfare causes, 46 percent more than in 1986.

Many of the enterprises have adopted the contract management system and are looking increasingly to export potential for their products, he said.

Zhan said the enterprises receive special benefits from the state and pay either a low tax or no tax to stimulate development.

This has created problems in some areas where enterprises mask as welfare factories in order to get the special treatment. Such enterprises, if caught, are dwelt with seriously by the authorities, he said.

The number of welfare enterprises is expected to reach 30,000 this year. Output is expected to increase 30 percent to 15 billion yuan and [word indistinct] for welfare programs to rise 30 percent to 1.2 billion yuan.

**Industrial Product Mix Being Adjusted**  
*OW2005142288 Beijing XINHUA Domestic Service*  
in Chinese 0101 GMT 15 May 88

[By reporter Xu Yaozhong]

[Text] Beijing, 15 May (XINHUA)—This reporter has discovered from recently published statistics on industrial production that the production of some commodities in great demand has rapidly increased, and that of some goods whose production had reached the saturation point or which had been unsalable has gradually decreased. This is significant for stabilizing the market. It reflects that initial results have been achieved in readjusting the mix of our industrial products.

Among household electrical appliances and other durable consumer goods, color television sets and refrigerators continued to sell well. In the first 4 months of this year, more than 2.4 million color television sets were produced, an increase of more than 37 percent over the same period of last year. Nearly 1.9 million refrigerators were made, an increase of more than 80 percent. Both camera production and marketing thrived. In the first 4 months of the year, nearly 800,000 cameras were produced, a figure close to the annual output of 1983. At the same time, the production of wrist watches, which had been overstocked in large quantities, decreased by 22.7 percent in the first 4 months of the year as compared with the same period of last year. The production of washing machines, radio sets, and sewing machines dropped by 9.6 percent, 8.9 percent, and 4.2 percent respectively.

In textiles, the production of chemical fibers, polyester fibers, knitting wool, and other popular goods increased considerably.

In steel production, initial results were also achieved in readjusting the mix of steel products. In the first 4 months of the year, more than 1.5 million metric tons of thin steel plates, in urgent need by users, were produced, an increase of more than 22 percent over the same period of last year. Over 400,000 metric tons of steel tape were made, up more than 24 percent. The production of wire materials, quality steel, and silicon steel plates went up from 10 percent to 20 percent respectively. At the same time, the production of popular steel products of dependable quality, such as medium-thick and thick steel plates, medium-sized steel products, and welded steel pipes, considerable quantities of which were stocked, decreased to varying degrees.



In industry, one cannot expect everything to turn out as one wishes. For example, the production of power generating equipment, urgently needed in economic development, dropped nearly 15 percent in the first 4 months of the year as compared with the same period of last year. Only 88,000 metric tons of paper for use by the press, which was in great demand, were made in the first 4 months of the year, a 27 percent decrease compared with the same period of last year. The production of synthetic detergents in short supply also dropped by 5.4 percent in the same period.

Those in economic circles are of the opinion that the readjustment of the product mix in our country has just started. It will be a long and complicated process to readjust the industrial structure and the product mix, which cannot be ideally completed in a short time. There is a lot of work to be done in these respects. For example, how we can implement the principle of combining the market, policy, and scientific and technological progress, how we can promote the rationalization of the industrial structure and the product mix, and how we can coordinate principles and policies with concrete measures are just a few of the questions.

**More Mergers Help Enterprises in Debt**  
*OW 2005141988 Beijing XINHUA in English*  
1213 GMT 20 May 88

[Text] Shijiazhuang, May 20 (XINHUA)—Merging of enterprises is spreading rapidly in China.

An incomplete survey of eight cities and seven provinces showed that by March this year, 340 small and medium-sized factories had been absorbed into 288 enterprises.

Industrial enterprises accounted for the lion's share — 93 percent.

In Baoding, a medium-sized city in Hebei Province, 13 factories took over 14 enterprises that were in debt and have since tripled profits, Yuan Zhantao, an official of the city government said.

Some of the merged enterprises have turned to other lines, thereby improving the city's product mix and have saved the city several million yuan in subsidies.

The biggest benefit from the mergers has been better utilization of enterprise property, an official of the State Commission for Restructuring the Economy said.

China's state-owned enterprises have fixed assets of 600 billion yuan (162 billion U.S. dollars), of which one-third fail to achieve desired returns.

More than 6,700 industrial enterprises lost a total of 4.7 billion yuan (1.27 billion U.S. dollars) in 1986.

Merger "is the inevitable consequence of the development of the commodity economy," said Wu Deqing, an associate professor of economy of the Chinese People's University.

Merger also brings benefits to workers. When the Baoding Napkin Paper Plant was taken over by a paper board factory, Zhang Baoping, a 25-year-old woman worker was delighted since it meant her income had doubled.

"We take part in management of factories and enjoy the same pay and welfare as other workers," she said.

A fixed assets auction market for industrial and commercial enterprises has opened in Fuzhou, capital of Fujian Province in southeast China.

Now Baoding, Wuhan, Chengdu, Tianjin and other cities are planning similar markets.

**GUANGMING RIBAO on Press Legislation**  
*HK2105065688 Beijing GUANGMING RIBAO*  
in Chinese 10 May 88, p 3

[Article by Wang Qianghua (3769 1730 5478): "'Practice Criterion' and Press Legislation"]

[Text] Ten years ago, the large-scale and significant discussion on the "truth criterion" was started by a GUANGMING RIBAO special commentator's article "Practice Is the Sole Criterion for Testing Truth" on 11 May. As a responsible person on the theory section philosophy column in GUANGMING RIBAO 10 years ago, I was lucky enough to be able to participate in editing and publishing this article under the leadership of the then editor-in-chief Yang Xiguang and newspaper leading group member Ma Peiwen. I was glad to do what I could at that time and the experience is unforgettable.

The "practice criterion" is now no longer a problem in people's minds. However, under the conditions 10 years ago, it was never easy for GUANGMING RIBAO to dare to organize and publish such an article. This needed a high degree of political responsibility, press sensitivity, courage and skill in the art of propaganda.

Today's conditions are greatly different from those of 10 years ago. However, we are still facing the unprecedented and arduous tasks of reform and opening up, and will inevitably encounter various obstacles. There will still be differences on this or that issue. Therefore, we still need to carry forward the spirit that we had during the discussion on the "truth criterion," continue to adhere to the principle that practice is the sole criterion for testing truth, and make bold explorations and innovations so as to fulfill these historical tasks.

In the field of law, that is in law theory and in concrete legislative and judicial work, there are still many different opinions and controversies on the history, nature, and role of law and on issues concerning rule by man and

rule by law, the relationship between political power and law, and the people's rights and duties. In my opinion, apart from the history of law issue, or the issue of whether there is law in primitive society and communist society, we can study other questions by making investigations in the reality and find realistic and scientific conclusions in accordance with the practice criterion. If we only argue about the theoretical concepts it is difficult to achieve any meaningful results.

For example, our press legislation has encountered a number of major questions concerning theoretical principles. If we discuss these questions in the light of the "practice criterion," we may achieve identical or similar opinions. At present, the socialist journalistic undertakings in our country are developing. Should our press law be based on the reality in our country and affirm our experiences in journalism and the press reform achievements in the form of law, or should we formulate an "ideal" press law merely in the light of theoretical requirements? I think that we should select the former. Marx pointed out: "Gold and silver are legal means of exchange, because in reality they are used in the course of exchanges." He also pointed out: "The real foundation of private property is possession, which is a fact rather than a right. Because society affirms actual possession in the form of law, actual possession has the character of legal possession and the character of private property," thus forming the right of private property. Marx also said: "When general law holds a ruling position, reasonable conventions and rights are just conventions that are specified as rights by law." Lenin also made similar remarks when he guided the Soviet legislation work. In short, "law is the generally accepted facts." Fact is primary, and law is secondary. This is the principle for treating press legislation and legislation in other fields in light of the "practice criterion." Of course, law is relatively stable and cannot be changed frequently; but facts are continuously changing and developing. Thus, legislation should give consideration to future development. However, the facts develop in stages, so it seems impossible to formulate a press law that "transcends" the actual conditions of the present stage.

Another major issue in the course of press legislation is how to treat and express press freedom. Most comrades agree that press freedom should be protected by law, but there are differences over the question of whether the abuse of press freedom should be checked by law. This is also a question of what starting point we treat the protection and limitation of press freedom from. If we just proceed from some abstract concepts, we may argue that press freedom itself is freedom within the limits prescribed by law, and that we can write whatever we want to write. So, the press law should only mention the protection of press freedom, or it should be a law protecting press freedom. However, if we proceed from the "practice criterion," or treat this question as Marx said that "whether man's thinking represents objective truth is not a theoretical question but a practical question," then we may reach another conclusion.

What are the actual conditions in our country? The primary and most important social fact in our country is that our country is situated in the initial stage of socialism. The central task in this stage is to develop social productive forces. Therefore, we must carry out the economic and political structural reforms, develop the socialist commodity economy in a big way, and advance the building of democratic politics in a positive and prudent manner. In press work, we must resolutely eliminate the old notions which are not suited to the new situation, arm our journalists with new ideas and new theories, and use the new ideas and new theories to guide press reforms. The initial stage of socialism is also a transition stage from an old to a new structure. In this stage the people will more prosperous after having achieved sufficiency of food and clothing, and the degree of prosperity will vary, so the interests of various social strata and social groups will unavoidably become pluralistic. This will have an impact on our society which has a rather weak economy, and may even give rise to some behavior which endangers our unity and stability. The other fact in our social life is that some units and individuals with power suppress and obstruct press rights and press freedom and, at the same time, some units and individuals with press rights and press freedom abuse their power to different degrees doing things injurious to state interests or infringing upon the legitimate interests of other people. As an example of the first problem, an incident involving the confiscation of newspapers occurred in Wuwei City and an incident of assault on a reporter occurred in Luoyang City. Although we have repeatedly stressed the need to guarantee press freedom in recent years, two such serious incidents still occurred when the NPC and the CPPCC National Committee were in session. This shows that protecting press rights and press freedom is still an important task. The second problem must not be neglected either. As revealed in an article, according to rough statistics from a district court in a coastal city, the court received 15 lawsuits against 11 newspapers and magazines for publishing "untrue reports" and damaging people's reputation during the first half of last year. More seriously, in two cases, the reports by three reporters were seriously untrue, and the courts ruled that the accused reporters were guilty of defamation and sentenced them to be deprived of political rights for 18 months and 12 months. In the past, such incidents were reported to the government concerned and were handled through administrative mediation or other administrative measures. In the future, because people have a stronger sense of the legal system, more such suits will be filed in the courts.

In view of this reality, or the existence of the two problems, we should mention both protection of press freedom and the prohibition of abusing press freedom in our press law. As Comrade Zhao Ziyang clearly pointed out in his report to the 13th Party Congress, the formulation of laws concerning the press should be stepped up so that "the citizen rights and freedoms prescribed by the constitution can be guaranteed and, at the same time,

actions abusing rights and freedoms can be checked according to law." As for the question of whether or not we should place stress on the protection of press freedom or on the limitation of press freedom, we can also proceed from the "practice criterion" to concretely solve the specific issues in light of the actual conditions.

**Yang Shangkun Inspects Beijing Military Region**  
*OW2105154988 Beijing XINHUA Domestic Service*  
*in Chinese 1041 GMT 21 May 88*

[By reporter Zhao Su]

[Text] Beijing, 21 May (XINHUA)—At a meeting today with comrades attending a collective teaching training for intermediate and high-ranking commanding officers of the Beijing Military Region, Yang Shangkun, president of the state and vice chairman of the Central Military Commission, stressed that everyone in the Armed Forces should work hard to make reform a success so as to make the Armed Forces even stronger.

While the general situation of the Armed Forces is very good, he said, there are also many problems caused primarily by not being strict enough in enforcing discipline in management. He added: The commodity economic development has given rise to many new problems that we have never encountered before. The Central Military Commission is studying ways to deal with these problems. The Armed Forces must be restructured, and they will have no future without being restructured. While the Central Military Commission and the [Beijing] Military Region are studying how to do this, I hope you will also take part in studying these big issues so that we can work together to make the modernization and regularization of our Armed Forces an even bigger success.

In the company of Zhou Yibing and Liu Zhenhua, respectively commander and political commissar of the Beijing Military Region, Yang Shangkun inspected the automated command system and the warfare simulation system. He also visited an exhibition of Chinese Armed Forces' weapons and watched a videotape showing their effectiveness. Praising the success of the collective teaching training, he urged everyone to master modern military science, and make themselves even more proficient in commanding, managing, educating, and training the troops so as to make the Armed Forces even stronger.

Qin Jiwei, Liu Huaqing, Chi Haotian, Yang Baibing, and Liu Anyuan were with Yang Shangkun during the inspection.

**Stresses Management, Discipline**  
*OW2205015588 Beijing XINHUA in English*  
*0050 GMT 22 May 88*

[Text] Beijing, May 22 (XINHUA)—Chinese leader Yang Shangkun has called on officers and men of the People's Liberation Army (PLA), China's Armed Forces, to make concerted efforts to make reform a success.

Yang, state president and vice-chairman of the Central Military Commission, issued this call at a meeting here Saturday with participants in a training course for senior officers from the Beijing Military Area Command.

"At present, the PLA's overall situation is excellent," he said. But a major problem lies in laxity in management and discipline, he noted.

"Many new problems which we have not encountered before have cropped up in the course of the development of a commodity economy," he said, "The Central Military Commission is now trying to find ways to solve them."

Yang stressed the importance of reform in the army, noting that without reform, there would be no way out.

He urged PLA officers and men to study specific army reform measures and join hands in promoting PLA's modernization and regularization.

The leader also urged participants in the training course to master modern military science and knowledge, and improve their capabilities to direct, manage, educate and train troops.

**PLA Chief of Staff Stresses Strategic Study**  
*HK2105083388 Beijing JIEFANGJUN BAO*  
*in Chinese 8 May 88, p 1*

[Report by reporter Qi Changming (7871 7022 2494): "Step Up Strategic Study, Deepen Army Reform—Chief of Staff Chi Haotian Addresses Forum on Military Strategy"]

[Text] The forum on questions concerning the military strategies in the new period organized by the General Staff Headquarters began in the morning of 7 May in Beijing. Some 300 high-rank leading cadres of the Military Commission, general departments, and various major units stationed in Beijing attended the course. Chief of Staff Chi Haotian stressed in the opening speech that: The high-ranking leading cadres of the Chinese Army are undertaking important historical tasks. They are responsible for designing reforms as well as for carrying out decisions. Therefore, they should pay attention to learning and studying strategic theories, think about and explore China's military strategy for the new period, and search for a successful path for the reform of the Army.

Chief of Staff Chi also said: The 13th CPC Party Congress put forward the center tasks of accelerating and deepening the reforms. The reform of the Army should conform with the reform situation of the whole country, and should catch up with the pace of the reform of the whole country. It can be said that the year 1988 is a year for deepening the reforms. In the realm of military work, the first important question is to define the military strategy in the new period. It is the "leading head" of the



reform of the Army, and the general principle of military work. Only when we have defined the strategic guidance that conforms with the military struggle of the new historical period, and when the macroscopic directions are defined, can the blindness of work of various realms be reduced and can a direction from numerous daily affairs be grasped, and can tortuous paths be avoided. Yang Shangkun, vice chairman of the military commission, recently put forward that we should systematically expound and prove the great and important questions concerning army building and reform. The developing and deepening of this work will promote the strategic study of the Chinese Army to a new stage.

Chief of Staff Chi also stressed that in studying and formulating military strategy for the new period, the strategic environment should be objectively analyzed; the strategic tasks of the Army in this period should be clearly defined; and a correct strategic guidance should also be defined. He also mentioned that: The most important point in analyzing whatever strategic situation is to grasp the characteristics of the period. What we call the analysis of the situation on the basis of the characteristics of the period does not only refer to the analysis of the surrounding partial situation, but also the analysis of the fundamental characteristics of the world's situation in a historical period. Moreover, it does not only refer to the short-term changes in the situation, but also the development of and the changes in the international strategic situation in a considerable historical period. Only when we can grasp this point can we profoundly understand the long-lasting significance of the strategic decisions made by the Central Military Commission, and not be influenced by partial situation and temporary phenomena. He also mentioned that in defining the fundamental tasks of the Army, we should proceed from the interests of the state. The changes of the situation and tasks will inevitably lead to changes in strategic guidance. This is the core question in studying military strategy. When we are exploring the military guidance for the new period, we should first study the military struggle regularity and characteristics of this historical period. Second, we should study China's military struggle methods, that is the question of the use of China's military strength. Third, we should study the questions concerning the building up of China's military strength. He also advocated that we should emancipate the mind in studying strategy, pay attention to examples, be brave in making breakthroughs, pay attention to the principle of seeking truth from realities, proceed from the interests of the state and the realities of military struggle, and closely integrate with the specific situation of the Chinese Army.

This reporter knows that the practice of organizing high-rank cadres of the Army to focus on the study of strategic questions was adopted since the 1985 enlarged meeting of the Military Commission, in which the idea of strategical changes was put forward. In 1986, the General Staff Headquarters, in view of linking with the realities of international construction, held a forum—

"The Development Strategy for National Defense Modernization." In 1987, the forum "Partial War and Army Building," which is on the changes of the forms of war, was held. These activities have promoted the whole Army's strategic study. On the basis of last two years' forum, this year's forum will further explore and concentrate on the study and discussion on the questions concerning the military struggle and strategic guidance in the new period. The aim is to proceed strategic study from realities, and to link this study with China's current situation in a closer manner, so that this study can directly serve practical struggles.

Deputy Chief of Staff Han Huaizhi presided over today's forum, and Comrade Xiong Guangkai of the General Staff Headquarters gave the first lecture. From now on till mid-June, some comrades including those of the military areas and military branches will successively give lectures.

**Journal on Need To Continue Lei Feng's Spirit**  
*HK2005102188 Beijing LILUN YUEKAN in Chinese*  
*No. 4, 25 Apr 88 pp 2-4*

[Article by Liu Jingsong (0491 4737 2646), Commander of the Shenyang Military Region: "It Is Necessary To Continue To Carry Forward Lei Feng's Revolutionary Spirit Under the New Situation of Developing Vigorously the Commodity Economy"]

[Text] The policy of reform and openness introduced by our country in an overall manner has not only greatly emancipated the minds of people, but also smashed the ossified economic system. The socialist commodity economy is developing with an irresistible force. Given a new situation marked with the vigorous development of the commodity economy, should we continue carrying forward Lei Feng's spirit. How should we carry forward such spirit, though? This is a problem of great concern to everyone. Given below is my personal view. It is hoped that it will encourage other comrades to join in the discussion.

First, in Developing the Commodity Economy, People Have Become Increasingly Mindful of Actual Results, But There is Still the Need for Us To Foster Great Revolutionary Ideals Like Lei Feng, Given Conformity With the Principle of Material Interests [subhead]

We must energetically develop a planned commodity economy and stimulate the great development of social productive forces, so that our country and the people can get rich as quickly as possible. This is not only an objective demand in building socialism with Chinese features but also a common ideal of millions upon millions of people. Practice shows that the development of the commodity economy brings people actual benefits and gradually guides people's thinking in the direction of attention to observing the principle of material interests. This principle has produced an increasingly deep effect on people's actual life. But people pay attention to actual

results, not, as some comrades say, because of "a switcher from respect for political honors in the past to the pursuit of material interests." This is, still less, a case of setting matter and spirit, or ideals and interests in opposition. Everyone knows that all our party's work is intended to enable people to reap actual benefits and lead a life of wealth and happiness. In the past, we made a revolution, because we wanted to eliminate the system of people oppressing people and people exploiting people, so that the masses of people could be emancipated politically and economically. Today, we get involved with socialist modernization and the development of a commodity economy, because we want to further change the backward features of the economy, improve the material and cultural life of the masses of people, and turn the pursuit of ideals into the realization of matter. Therefore, the principle of stressing material interests and the great ideals advocated by the party do not reject each other, and are in harmony. This is a combination of material civilization and spiritual civilization, and a combination of great ideals and realistic efforts.

That we stress our fostering great revolutionary ideals like Lei Feng is in no way meant to negate individual interests, and, still less, advocate the sacrifice of personal interests as the price for all social development. Like Comrade Lei Feng, we are made of flesh and blood, with both spiritual and material needs. A point worth noting is that some of our comrades do not have lofty ideals in the first place. Given the development of the commodity economy, they are obsessed with the pursuit of personal material interests. As things go on, this will naturally lead to the assertion of individualism and even political degeneration. This has been proved by many facts. Therefore, while stressing the principle of material interests, we must have great ideals, correctly treat and properly handle the relations between parts and the whole, between immediate and long-term interests, and between individual and collective interests and get released from the bonds of narrow personal interests. Like Lei Feng, we must "be wholeheartedly devoted to the party, to socialism, and to communism," vie with each other in various fields to be the first in creating the best, perform meritorious services by way of setting examples, combine great ideals with today's efforts, and contribute more toward the interests of the party and the people.

Second, the Development of the Commodity Economy Has Gradually Driven From People's Minds Egalitarianism and the Idea of "Sharing Equally in the Big Rice Pot," But Given Competition Between Each Other, There Is Still the Need for Us To Develop the Communist Style Like Lei Feng [subhead]

Now, there is an argument that the development of commodity production has brought about changes in the relations between men. People in the same profession have become rivals, as they confront each other. Comrades have also become rivals in competition. The spirit of the fool delighting in helping others, as embodied by

Lei Feng, no longer works. This argument is advanced, actually because of failure to understand the meaning of socialist competition. What we mean by competition is basically different from competition under the capitalist system. Under socialist conditions, we bring the mechanism of competition to the economic area, the personnel system, and other respects, in order to eliminate the defect of egalitarianism, or sharing equally in the "same big pot," so that people can find full scope for the development of their abilities and show greater drive and energy in social development. This kind of competition is built on the basis of public ownership. It is a matter of who gets rich first, and who later. It is not polarization, with a portion of people seizing by ingenious means, and another heading for dire poverty. It does nothing to change the relations of equality and comradeship between people. Competition in capitalist society is a matter of mutual fighting and playing each other false. It turns relations between people into purely those of money.

Since socialist competition means no change in the relations between people, we should righteously give vigorous publicity to the communist style. For example, in the world of competition, a portion of people do get rich first. But they cannot be hardhearted men of means. Instead, they should take the lead in steering those people around them to the road toward common prosperity. Competition calls for knowledge and technical know-how. But knowledge and technical know-how cannot be claimed as a person's own, and should instead be popularized to generate still greater social benefits. All these are inseparable from the lofty style of Lei Feng inclined to unite and be friendly with others and delight in lending a helping hand. The purpose of our People's Army, in particular, is to wholeheartedly serve the people. With the mechanism of competition gradually extended to some areas of the effort to build up the Army units, there is still greater need to organically combine the strengthening of the sense of competition with the development of Lei Feng's spirit. In no way can we just consider the material and not the human factor in competition. Between comrades, and between those up and down, we must stress unity, stress friendly affection, and stress mutual help. Between military men and civilians and between the Army and the government, we must stress the situation as a whole, stress the style, and stress cooperation. This is also to say that given the new situation of the development of the commodity economy, everyone must be not only the winner in competition but also the model mindful of the style. Third, the Development of the Commodity Economy Has Brought About Some Changes in People's Concept of Consumption, But Given a Continuous Rise in the Living Standard; There Is Still the Need for Us To Maintain the Traditional Feature of Fighting Amidst Hardships Like Lei Feng [subhead]

Since the 3d Plenary Session of the 11th CPC Central Committee, due to the shift of party work in emphasis to economic construction and the energetic development of



the socialist commodity economy, there have been profound changes in the features of our country in various fields. The living standard of hundreds of millions of people has shown a relatively great improvement. There has also been an obvious improvement in the material and cultural life of Army cadres and fighters. This is a fact for all to see and feel. With a continuous improvement in the living standard, people's concept of consumption has also undergone some changes. This is also normal. But some comrades have overlooked the need to fight amidst hardships. They think nothing of the state's economic plight, lavish public money on banquets and gifts, dining and wining sprees, top-grade sedans, and office appliances and equipment. Without considering their own financial state, they blindly seek the best of everything, indulge in extravagances, throw money around just to show off, and get involved with "premature consumption." This behavior marked with extravagance and waste does harm to not only the state, but to individuals. Therefore, our party has traditionally paid attention to fighting amidst hardships and building enterprises amidst hardships and has put this forward as an important part of the party's fundamental line at the current stage. It has once again stressed that our country is still in the initial stage of socialism, with very backward productive forces. We must get rid of poverty and realize modernization. This is a long-term arduous task. This dictates our generation and several generations to come being placed in a period of building enterprises amidst hardships. It can be seen that to learn from Comrade Lei Feng, maintain the original feature of fighting amidst hardships, and carry forward the revolutionary spirit of building enterprises amidst hardships is not a problem of willingness or unwillingness on our part, but something that we must do, as dictated by objective historical conditions.

Fighting amidst hardships is a fine style and a revolutionary principle formed and developed by our party in a long process of revolution and construction. It is a mentality of getting ahead and marching forward in spite of everything, as inherent in our party and Army. Fighting amidst hardships not only calls for personal involvement in honestly serving the public and leading a simple and hard life but also, more importantly, single-minded devotion to work and to the business of building enterprises amidst hardships. Our Army shoulders the dual responsibility of safeguarding the Motherland and building up the Motherland. Army units must work and live under tough conditions. They must also be ready at all times to execute urgent, tough, hazardous, and heavy tasks and be prepared to shed blood and sacrifice their lives. Our military region is located on the northeast border. Many units are in faraway places involving tough conditions. This requires us to act like many, many cadres and fighters of the Lei Feng type. The latter delight in devoting their youth to a 1,000-li stretch of grassland, aim at being placed at a post atop a high

mountain to do their part, devote themselves to scientific research within the confines of a humble room, take the island as their home in building a new career, and are full of revolutionary fight, as they strive to achieve work results of the first order.

**The Development of the Commodity Economy Has Strengthened People's Concept of Acting According to the Law of Value, But Given Various Kinds of Work Done With Pay, There Is Still the Need to Promote Lei Feng's Revolutionary Spirit of Selflessly Serving the Public [subhead]**

What is practiced under the socialist system is the principle of distribution according to work. It is right and proper for us to receive a given amount of remuneration in doing work for pay. With the development of the commodity economy and the handling of things according to the law of value, some changes that have taken place in people's sense of values are also entirely understandable. But in doing the kind of work with pay, is there still the need for us to show the revolutionary spirit of selflessly serving the public like Lei Feng? In the exchange of equal values, is there still the need to advocate the idea of selflessly making contributions as exemplified by Lei Feng? My conclusion is that there is still the need. For example, with Army units working on socialist economic construction with pay, some comrades do not quite understand things. They consider that reaching out for local money and local things runs counter to our Army's set goal, and is incompatible with Lei Feng's spirit. They even say that an agreement puts the Army and the locality in opposing positions, as A and B. Thus, the idea of wholeheartedly serving the people can hardly be realized. Lei Feng's revolutionary spirit of selflessly serving the public can also be hardly promoted. In fact, supporting local economic construction with pay received is, fundamentally speaking, intended to create wealth for society, lighten the burden on the state, and make up for a military budget deficit. This, in itself, gives expression to our Army's set goal, and is also needed in the Army's self development and self perfection.

To realize and carry forward Lei Feng's spirit in doing work with pay, in signing a contract, we must not only consider economic interests but also pay attention to political influence. We cannot forget principle for the sake of money. In carrying out a contract, we must honestly keep our promise, and seek high quality and high efficiency. We cannot cheat by supplying substandard goods. In handling mutual relations, we must cherish a high sense of responsibility as masters of the house. We must take an active part in thinking out ideas and devising ways and means for relevant localities and be keen on doing good things and solving knotty problems for the masses. This is meant to make the masses of people feel that though separated as the two parties of A and B in the contract, they are still close as one family in actual work. In carrying out its work assignment in Liaohua, the 8th company of a certain regiment recently cited by the Military Region as a vanguard unit in learning from Lei Feng insisted on receiving pay but not



caring about how much. It did not forget to do its part in doing given work and successfully accomplished various assignments. It won the trust of people and maintained the image of the Army. It was praised as "a good 8th company in Huaqian City." This vividly shows that in supporting local economic construction with pay received, we must learn from Lei Feng. In doing so, we can also follow the style of Lei Feng.

Also, as far as the service trade practicing management along enterprise lines and the production and operating units involved with contracts are concerned, some comrades feel that they should get as much money as they can get for their work, and even claim bonuses for the fulfillment of excess work quotas. There is no spirit of Lei Feng to speak of. In fact, this also represents one-sided awareness. Comrade Pan Cunjin recently cited by the military region as "a pace-setter in carrying out reforms and building enterprises" had got a bonus of 30,000 yuan for his team operating on a contract basis. This is what everyone knows. But we should also know that his team members were not afraid of assuming risks and committing themselves to contracts. They showed the revolutionary spirit of seeking truth from facts, fighting amidst hardships, and braving storms and severe cold. In two years, they had made a total profit of 380,000 yuan for the farm. They relied on such spirit to give their youth to the farm and dedicate their wisdom to the farm. They put in a tremendous amount of labor. Is this not exactly the manifestation of Lei Feng's revolutionary spirit of selflessly serving the public? These facts show that with the development of the commodity economy, many new demands have been imposed on the campaign to learn from Lei Feng. The old concepts formed by us over many years and the ways of doing things followed over a long period of time remain to be improved. Only by seriously studying new conditions and solving new problems can we continuously carry forward Lei Feng's spirit.

The campaign to learn from Lei Feng has been launched in the Army units for 25 years. Lei Feng's spirit has strengthened the building of Army units and stimulated the fulfillment of various tasks. It has played an extremely important role in training one generation after another of revolutionary militarymen. At present, the Army units of the military region are deepening the spirit of the 13th National Party Congress and systematically carrying out education on the party's fundamental line in the initial stage of socialism. This is a fundamental job of ideological and theoretical construction. Guided by the spirit of the 13th Party Congress, we must arouse our spirits, carry out reforms, create the new, bring the campaign to learn from Lei Feng in the Army units of the military region to a new level, and strive and fight for the revolutionization, modernization, and standardization of the army units of the military region.

**QIUSHI To Replace HONGQI 1 July**  
*HK2305024688 Hong Kong TA KUNG PAO in Chinese*  
23 May 88, p 3

["Special Dispatch": "QIUSHI Magazine Decides on its Objective"]

[Text] Beijing, 22 May—A theoretical magazine named QIUSHI [SEEKING TRUTH] run by the party school of the CPC Central Committee will be published on 1 July. Its main objective is to propagate one center and two basic points and to prevent rigidity and liberalization.

HONGQI, a theoretical magazine of the CPC playing a special role in China's political field for over a decade since the end of the cultural revolution, will stop publication in June this year. Under the leadership of the party school of the CPC Central Committee, its editorial staff will publish a new magazine named QIUSHI twice a month beginning from 1 July this year.

XINWEN CHUBAN BAO [NEWS AND PUBLICATION], which was published on 21 May, gave front page lead coverage to a report on the objective of QIUSHI. As pointed out by the report, Gao Yang, president of the CPC Central Committee's party school, and Su Xing, vice president of the party school, recently held a liaison personnel meeting in Beijing. All of the participants were the original liaison personnel of HONGQI.

The meeting transmitted the CPC Central Committee's decision on the publication of QIUSHI and discussed how to implement the CPC Central Committee's general principles on running the magazine. The main objective of the magazine is, under the guidance of the party's basic line for the initial stage of socialism, to propagate one center and two basic points, to use reform to measure the overall situation, and to prevent rigidity and liberalization.

The purpose of naming the magazine QIUSHI is to strictly abide by the ideological principle of seeking truth from facts, to combine theory with practice, to put into effect the policy of "letting a hundred flowers blossom and a hundred schools of thought contend," to enliven theoretical discussions, and to conscientiously study the theory and practice concerning the initial stage of socialism in China, particularly actual problems in reforms and opening up to the world.

Gao Yang pointed out in his speech at the meeting that QIUSHI should encourage more writers to contribute articles and should publish more articles by young writers and writers engaged in work at the grass-roots level. In particular, he added, it is necessary to unite with comrades holding dissenting views in the course of discussions and explorations, so as to develop Marxist theory.

The participants remarked that the habit of writing articles with many difficult, unpronounceable words should be done away with and stereotypical articles full of ancient quotations should not be permitted to appear in the magazine. They expressed the hope that QIUSHI will take on a new look in writing style.

**Breakthroughs in PRC Space Technology Noted**  
*HK2005130588 Beijing ZHONGGUO XINWEN SHE in Chinese 0408 GMT 20 May 88*

[Report by Dai Yaping (2071 0068 1627) and Zhu Daqiang (2612 1129 1730): "China Will Make Series of Major Breakthroughs in Its Space Technology"]

[Text] Beijing, 20 May (ZHONGGUO XINWEN SHE)—Sun Jiadong, deputy minister of aeronautics and astronautics industry, revealed during an interview with these two reporters that for the coming years China will make a series of major breakthroughs in its space technology, including launching satellites synchronous with the sun.

China will soon launch a "Fengyun No 1" meteorological satellite which will move in a polar orbit synchronous with the sun. The technology of the satellite and its launching is new to China. This satellite will provide accurate data for diagrams of clouds, typhoons, winds, and ground temperatures, thereby greatly shortening the weather forecast period and improving accuracy in this work.

China is engaged in a research into a new type of communications satellite and resources satellite, Sun Jiadong added. It is expected that the capacity, weight, and transmission volume of the communications satellite to be launched in the early 1990's will surpass those of the three communications satellites launched in the past.

China has launched 21 satellites since 1970. The recovery and successful launching rates of these satellites rank first in the world.

While continuing its contracts for launching foreign satellites, China will provide new services for foreigners, which include researching, manufacturing, and overhauling satellites for foreign countries; joining efforts with foreign customers in the research and manufacture of satellites; and providing hardware services for satellites made by China for foreign customers.

As reported, a number of satellites now operating in space will enter a period of renewal in the early 1990's. By then space flight industries in many countries in the world will have a new market. China is now making preparations for the arrival of this new period.

In view of this situation, China is improving its Changzheng series of satellites. "Changzheng No 2" will become "Changzheng No 2-Kun," whose cargo capacity will

increase seven to eight tons. "Changzheng No 3" will be changed to "Changzheng No 3-Shen," whose cargo capacity will increase by at least 2.5 tons.

Sun Jiadong remarked that China's space flight industry is heading for the world [market] and is taking an active part in international competition. In the course of manufacturing satellites for urgent use in economic construction, China is also drawing up a hi-tech development program to catch up with hi-tech development in the rest of the world.

**Ship-Based Satellite Station Begins Operation**  
*OW2005145788 Beijing XINHUA in English 0728 GMT 20 May 88*

[Text] Beijing, May 20 (XINHUA)—China now has a ship-based satellite station, today's overseas edition of the "PEOPLE'S DAILY" reported.

The station just started official operation after a testing period, the paper said, and is located on the ocean-going survey ship "Yuanwang" which belongs to the National Defense Science, Technology and Industry Commission.

According to the paper, the station can transmit telephone calls and telegrams, and receive T.V. broadcasts.

**Work Begins on River Diversion Project**  
*OW2005154588 Beijing XINHUA in English 0537 GMT 20 May 88*

[Text] Beijing, May 20 (XINHUA)—Initial investigations have started on a project to divert water from the upper reaches of the Yangtze River, China's longest river, to the Yellow River, the country's second longest, according to today's "PEOPLE'S DAILY".

The Lanzhou Institute of Glaciology and Cryopedology attached to the Chinese Academy of Sciences has formed a special investigation team. Earlier this month, they carried out an initial inspection of a planned diversion line at the upper reaches of Yalong River, a tributary of Yangtze.

The project, called the "West Diversion Line", is part of the government's efforts to solve water shortages in North China.

The West Diversion Line is expected to be more than 200 kilometers. When completed, it will divert 18 billion cubic meters of water into the Yellow River a year, the paper said.

Work has also begun on transferring water from the lower reaches of the Yangtze to the Yellow River, which is called "East Diversion Line".

**Daily Establishes Reporter Station in Hainan**  
*HK2105022988 Beijing RENMIN RIBAO OVERSEAS  
EDITION in Chinese 21 May 88, p 1*

[Dispatch from Haikou on 20 May: "RENMIN RIBAO Sets Up a Reporter Station in Hainan"]

[Text] Shortly after the establishment of Hainan Province, RENMIN RIBAO officially set up its Hainan reporter station. Today, RENMIN RIBAO Editor-in-Chief Tan Wenrui came to Haikou to preside over the opening ceremony of the reporter station. Xu Shijie, Secretary of the Hainan Provincial CPC Working Committee, Liang Xiang, vice secretary of the Hainan party committee, and other party, government, and military leading comrades in Hainan Province, together with more than 100 representatives from various social circles, attended the reception of the RENMIN RIBAO reporter station. This is the 26th local reporter station of RENMIN RIBAO.

**Print, Voice Recognition Computer Systems Tested**  
*OW2005122188 Beijing XINHUA in English  
1104 GMT 20 May 88*

[Text] Beijing, May 20 (XINHUA)—A Chinese-developed printed Chinese character text recognition system and a speaker-independent voice recognition system have just passed ministerial-level technological appraisal.

According to experts testing the equipment, the two new systems are up to current international standards.

The systems were perfected by China's Information Processing Research Center which is affiliated with the Beijing Information Technology Institute and receives funding from the United Nations Development Program.

The printed Chinese character text recognition system can recognize printed documents and printed books and magazines with a 3,755 to 6,763 characters capability via optical scanning.

The system's recognition rate is 99 percent, and recognition speed is eight characters per second on micro computer, reported Su Dongzhuang, president of the Beijing Information Technology Institute who has been studying computers for more than 30 years.

The speaker-independent voice recognition system is still in the early stages, but can recognize words, each having several pronunciations, as well as English words, and has a recognition capacity of 2,000 Chinese characters.

Speech synthesis output is another of the system's features, and according to Su it can synthesize a mixture of both Chinese- and English-speaking voices.

**Stadium Pop Concert To Mark Environment Day**  
*OW2005141688 Beijing XINHUA in English  
1227 GMT 20 May 88*

[Text] Beijing, May 20 (XINHUA) — More than 100 of China's top pop music stars will perform in Capital Stadium June 2-5 to celebrate "World Environment Day."

"We hope this big concert will make more people aware of the environment," said Cheng Zhenhua, vice-director of the State Environmental Protection Bureau, at today's press conference.

According to Cheng, all concert proceeds will be donated to environmental protection projects.

On June 5, 1972, the first international meeting on global environmental protection was held in Stockholm with more than 1,300 representatives from 113 countries in attendance. The 27th United Nations General Assembly approved a proposal which named the meeting's first session as "World Environment Day."

The theme for this year's event is: "To Protect the Environment, To Continue Development and To Encourage Public Participation."

"In addition to the concert, other activities are being scheduled nationwide to get the masses more concerned about environmental protection," Cheng said.



### East Region

**Fujian Holds Meeting of Fourth CPC Committee**  
*OW2005125788 Fuzhou Fujian Provincial Service*  
*in Mandarin 1000 GMT 14 May 88*

[Text] The eighth enlarged plenary session of the fourth provincial party committee held a discussion and reporting meeting of group discussion conveners yesterday and today.

Principal responsible comrades of the provincial party committee, Advisory and Planning Commissions, People's Congress, and government; responsible persons of relevant provincial departments; and secretaries of city party committees exchanged views on policy questions arising in implementing the strategy for the economic development of the coastal areas.

Before the conclusion of the reporting meeting, Jia Qinglin, deputy secretary of the provincial party committee, addressed the meeting. He dealt with three questions: 1) It is necessary to further emancipate the mind, achieve unity in thinking, and work hard for 3 years; 2) conscientious efforts should be made to popularize new methods and experiences in order to accelerate the pace of development; and 3) a good job should be done in implementing policies and measures and in carrying out our present tasks.

Comrade Jia Qinglin stressed: We should work hard to achieve economic prosperity, the honest performance of government duties, and social stability in order to foster a fine party work style and to promote the building of socialist spiritual civilization by the masses.

He said: While carrying out the five-encouragements and five-oppositions campaign, we should ban resolutely prostitution, obscene books, periodicals, and video recordings, traffic in narcotics and drug taking, gambling, feudal superstitions, and other ugly phenomena. At the same time, greater efforts should be made to tackle problems in social order in a comprehensive way in order to provide favorable conditions for implementing the policies of reform and opening to the outside world and for carrying out the strategy for the economic development of the coastal areas.

**Fujian Secretary Inspects Luoyuan County**  
*OW2105160488 Fuzhou FUJIAN RIBAO in Chinese*  
*4 May 88 p 1*

[Excerpts] On 1 and 2 May, provincial party committee Secretary Chen Guangyi, together with comrades from Fuzhou City, the provincial party committee office, Aquatic Products Bureau, and department in charge of help-the-poor work, came to Luoyuan County to survey its help-the-poor work. They held forums with cadres from grass-roots units and the masses to discuss ways to further improve the measures designed to shake off poverty. [passage omitted]

Under the new situation, how can we intensify our work of shaking off poverty? After investigation and research, Chen Guangyi pointed out: We should sustain the drive for a few more years as we continue to work under the support of state policies and strive to reach the 3-year goal put forward by the provincial party committee. We should rely primarily on self-support, on reforms and opening up, and on scientific and technological progress in promoting pioneering production, developing the commodity economy, building a more stable economic foundation, and, eventually, helping our people get rid of poverty and become well-off. At the forums, it was generally held that, at present, special attention should be paid to carrying out well the following tasks:

1) We should fully capitalize on the opportunity this year to struggle persistently until the 3-year goal is attained, and to prepare for the fourth quarter general survey of help-the-poor work to be conducted by the provincial party committee.

2) We should summarize the 3 years' experiences in helping the poor, and, by way of conducting studies and research and mobilizing the people, set even higher demands and lay down the objectives and tasks for the next phase of help-the-poor work. Comrades of Luoyuan County proposed to increase peasants' per capita net income to more than 600 yuan and per capita grain to more than 350 kg by 1990, enable some of the people to lead a fairly comfortable life, and bring about greater growth in county, township, and village finances. Forum participants seconded their positive thinking and pointed out that in order to shake off poverty, it is necessary from now on to reinforce the practice of giving different guidance to different areas, setting different goals and demands for different counties and townships. As a coastal open county, Luoyuan County should make the most of the state's opening up and help-the-poor policies, and should strive to move ahead of other places in shaking off poverty.

3) We should explore more channels to shake off poverty and become well-off. It won't do to rely solely on one production undertaking; there should be second and third undertakings. We must not only place emphasis on developing technologies which can "be applied quickly in production, suited to medium or small enterprises, and produce quick economic results," but also attach great importance to developing local advantages; exploiting mountain, sea, and land resources; and developing pioneering projects with great potential. In addition, it is imperative to help every household establish a more stable family economy, and become more resistant to risks and uncertainties. It is necessary to develop various types of enterprises, industries, and economic entities through the efforts of the state, collectives, individuals, and economic associations. In places where conditions permit, we can also develop an export-oriented economy and agriculture in line with local conditions.

4) We should enhance economic strength. While mobilizing the people to shake off poverty, we must also pay special attention to the growth of the collective economy at township and village levels, develop local industries, and tap new sources of revenue.

**Governor Wang on Higher Education in Fujian**  
*OW2105162388 Fuzhou FUJIAN RIBAO in Chinese*  
8 May 88 p 1

[Excerpt] The purpose of the reform of higher education is to train more qualified personnel who are developed morally, intellectually, and physically, and who favor reform and the open policy, in order to meet the needs of the four modernizations. Fujian is an experimental region for comprehensive reform. Higher education in Fujian must have its own characteristics and must serve the development of the export-oriented economy in our province. This is the opinion of Governor Wang Zhaoguo during an informal discussion with some representatives to the provincial meeting of higher Education on the afternoon of 6 May.

Comrade Wang Zhaoguo listened to the views and suggestions put forward by some presidents of institutions of higher learning, secretaries of party committees, and directors of prefectural and city education bureaus on revisions of and supplements to the "Suggestions Concerning Accelerating and Deepening the Reform of Higher Education." He said: In order to accomplish the great tasks of our province's four modernizations, our efforts to develop the economy must be switched to the track of relying on scientific and technological advance and on improvement of the quality of laborers. Now the State Council has given an official, written reply to Fujian Province's "Request for Instructions on Deepening Reform, Opening Wider to the Outside World, and Accelerating the Development of the Export-Oriented Economy." The State Council's reply includes 11 categories. Among them are science, technology, and education. The broad masses of cadres in the education departments and teachers must seize the opportunity to turn the present policy to good account in a flexible manner and do a successful job of various reform endeavors at institutions of higher learning in a pioneering spirit. The departments concerned at all localities in the province must support the reform at institutions of higher learning.

The meeting opened on 5 May and ended on 7 May. He Shaochuan, member of the Standing Committee of the Fujian provincial party committee and head of its Propaganda Department, attended the meeting. Ye Pingqiao, vice chairman of the provincial Education Commission, gave a report entitled: "Summing Up Experiences, Deepening Reform, and Ushering in a New Situation in the Work of Higher Education in Our Province." Vice Governor Chen Mingyi delivered the concluding report of the meeting. [passage omitted]

**Jiangsu Discipline Inspection Meeting Ends**  
*OW2105052588 Nanjing Jiangsu Provincial Service*  
in Mandarin 2200 GMT 14 May 88

[Excerpts] The 5-day second meeting of discipline inspection commissions in cities with provincial-level economic decisionmaking authority ended in Nanjing on the afternoon of 14 May. Attending the meeting were representatives from discipline inspection commissions in Xiamen, Chongqing, Shenyang, Harbin, Beijing, Shanghai, Tianjin, and Shenzhen. Those attending the meeting exchanged experiences on strengthening party discipline, helping party committees improve party style, do an even better job in serving economic construction, and tackle major problems in observing party discipline in the course of implementing the policy of carrying out reform and opening to the outside world. [passage omitted]

The meeting pointed out: Efforts must be made toward fulfilling a dual-purpose task. We must not only strengthen party discipline but also help party committees improve their party style. The party and government organs must raise the standards of their professional ethics while invigorating the economy and paying full attention to helping party and government organs and leading cadres improve their work style.

Chen Zuolin, deputy secretary of the Central Discipline Inspection Committee and Han Peixin, secretary of the provincial CPC Committee and Standing Committee chairman of the provincial People's Congress, also attended the meeting and made speeches.

**Profits Rise in Jiangsu State-Owned Enterprises**  
*OW2105030988 Beijing XINHUA Domestic Service*  
in Chinese 2317 GMT 13 May 88

[By reporter Zhang Xingdun]

[Excerpts] Nanjing, 14 May (XINHUA) — Promotion of the contracted-managerial-responsibility system has helped stop the steady decline of profits at the state-owned industrial enterprises in Jiangsu. The province's state-owned enterprises reported an increase of 15.8 percent in 1st-quarter profits over the same period last year, a rate exceeding the 14.8 percent increase in total industrial output.

Profits of Jiangsu's state-owned industrial enterprises have been declining since 1984; Jiangsu saw a decline of 23 percent from 1983, 12 percent in 1985, 14 percent in 1986, and 5.4 percent for the first half of 1987 compared with the same period of 1986. Despite measures taken by economic departments during these periods, the downward trend in profits was not controlled effectively. Since June 1987 the enterprise-contract-responsibility system has been promoted widely in the province, with 93 percent of the state-owned industrial enterprises adopting various types of contract responsibility systems, including 800 large enterprises. Since July 1987



the province's enterprises have shown monthly increases. In 1987 state-owned industrial enterprises' profits showed a 2.5 percent increase over 1986. Jiangsu economic circles attributed the profit-turnaround to contract management, which improved markedly the operation mechanism of enterprises.

Management decisionmaking mechanisms also have been improved markedly. The contract system has increased management's authority and responsibility. Plant directors now may adopt flexible measures independently according to market fluctuations and the development of the enterprise without having to seek prior approval in every detail from the competent department. [passage omitted]

Self-interest mechanisms have been improved markedly. In the past, enterprises could not keep their extra profits and had to haggle with their competent departments over profit-retainment problems. Therefore there was no incentive to exceed quotas. The contract system now fixes the amount of profit that an enterprise is required to deliver to the state and enterprises may keep the extra profit. Enterprises are now more motivated and their sense of enterprise management and motivation for earning additional profit are strengthened. [passage omitted]

Competition mechanisms also have seen new developments. Cities like Yancheng, Wuxi, and Nanjing have introduced competition mechanisms in varying degrees. Many enterprising and competent managing personnel take up leading posts in enterprises through open selection. [passage omitted]

**Decrease of Cultivated Land Serious in Jiangxi**  
*OW2105131688 Nanchang Jiangxi Provincial Service  
in Mandarin 1000 GMT 14 May 88*

[From the "Provincial Hookup" program]

[Text] The great decrease of the area of cultivated land and the noticeable decline in soil fertility have seriously affected grain production in our province.

Since 1967, cultivated land in the province has been diminishing at a rate of 273,000 mu per annum, equivalent to a loss of more than 200 million kilograms of crops in harvest every year, for a number of reasons. These are: Some localities have neglected scientific and legal management of cultivated land; [words indistinct] population growth; urban areas, small cities and towns, and residential areas in the countryside have increased greatly; [words indistinct] construction of industries, communications, water resources and electricity; and soil has deteriorated to sandy wasteland [word indistinct] chemical fertilizer. To date, the province has lost an equivalent of [words indistinct] in the past 20 years. Per capita cultivated land has decreased from 2.28 mu to the present 1.06 mu, which is less than the average per capita cultivated land nationwide.

Meanwhile, we can no longer afford to ignore the fact that the quality of cultivated land in our province is deteriorating consistently. The predatory policy adopted by some localities toward cultivated land has resulted in a baneful circle of reduced input, a drop in soil fertility, and low efficiency. These are mainly manifested in the following three aspects: First, there has been a gradual decrease of the growing, production, and application of organic fertilizer each year. The area plowed with green manure has diminished. The area of farmland lying idle in winter has expanded. The area plowed with green manure and per mu yield of fresh grass in the province were down 60 percent and 25 percent, respectively, from the record set in 1969 during the past 3 years in succession. The amount of reduced fertility from the above two items equals 18 months' production of chemical fertilizers by the Jiangxi Ammonia Factory. In addition, the manure made from human and animal dung has also decreased by more than 50 percent. Second, the irrational use of inorganic fertilizers has resulted in a serious disproportion between various soil nutrients and elements and in the gradual accumulation of gradated soil juncture strata [haun jie ceng] year by year. Third, soil erosion has caused cultivated land to lose a large amount of organic substance every year. Environmental pollution has done harm to much good farmland. At present, the area of medium and low-yield farmland represents about 70 percent of the total area of cultivated land in the province.

Our station editor has the following comments: The latent crisis in cultivated land, which is the most fundamental element for agricultural production, has caught the attention of the departments concerned. Beginning last year, the land law went into effect in China. All localities and departments throughout the province have adopted some measures to check the decrease of cultivated area and to increase soil fertility, but to little avail. What are the reasons? They deserve deliberation. We should do some calculation here.

If the phenomenon of a drastic decrease of cultivated land and the deterioration of soil fertility continues unchecked, per capita cultivated land in the province will be less than 0.7 mu by the end of this century. Then, even if grains and crops are grown on all the cultivated land, our province will no longer retain the advantageous position of a commercial grain production region. The economic development in the province will be affected adversely as a result. Per capita grain in the province will be less than 400 kilograms, which is below the index targeted by the national economic development plan. Therefore, it demands our immediate attention to make rational use of cultivated land and to protect it. We call on all sectors of the society to show a high degree of concern for this problem and to make common efforts for its solution.



**Shandong Secretary Meets Foreign Volleyballers**  
*SK2205070588 Jinan Shandong Provincial Service*  
*in Mandarin 2200 GMT 19 May 88*

[Text] At 1930 on 19 May, Liang Buting, secretary of the provincial party committee and honorary president of the provincial Volleyball Association, cordially met with the leaders of the Cuban, U.S., Japanese, and Chinese volleyball teams who had come to attend the (Luye) Cup International Women's Volleyball Invitational Games at the provincial gymnasium and held cordial and friendly talks with them. Present at the meeting were Zhao Zhihao, chairman of the organizing committee of the invitational games and vice governor, and responsible comrades of pertinent departments.

**Shanghai Regulations on Technological Innovations**  
*OW2105131188 Shanghai City Service in Mandarin*  
*2200 GMT 14 May 88*

[Text] In order to quicken the pace in developing technical innovations and importing technologies for Shanghai's industries, the municipal Economic Commission has delegated more decisionmaking power to lower-level units for examining and approving plans to develop technological innovations and import technologies. It has also simplified the procedure for examining and approving such plans.

According to a new set of regulations, any plan below 10 million yuan for the development of technological innovations and import of technologies can be examined and approved by any industrial bureau or any company at the bureau level. Any plan above the 10 million yuan level for technological innovations should be submitted to and approved by the municipal Economic Commission and the municipal Planning Commission. Any plan above the 10 million yuan level for the import of technologies should be submitted to and approved by the municipal Commission for Foreign Economic Relations and Trade. Any enterprise that uses its own foreign exchange or bank loan to import technologies may submit its plan to the local Industrial Bureau for approval if the plan is less than 10 million yuan. As for any plan for the development of technological innovations and import of technologies which is between 10 and 30 million yuan, the enterprise may submit its feasibility report and preliminary design to the respective Industrial Bureau for examination and approval.

The new regulations also point out: After delegating decisionmaking power to the lower-level units, various industrial bureaus must strengthen their overall control. All plans for the development of technological innovations and the import of technologies must meet the needs of industrial development for Shanghai and the country. It is necessary to put into effect a responsibility system for the implementation of each plan and ensure that the entire plan is carried out on a solid basis.

**Shanghai Mayor Discusses Flood Prevention Work**  
*OW2205130388 Shanghai City Service in Mandarin*  
*2200 GMT 18 May 88*

[Excerpts] The municipal government held a mobilization meeting on flood prevention on the afternoon of 18 May. Mayor Zhu Rongji and Vice Mayor Ni Tianzeng attended the meeting and spoke. [passage omitted]

Zhu Rongji pointed out at the meeting: The work of preparing against typhoons and floods should be carried out through ideological, organizational, and effective measures. By ideology we mean that we must foster the idea of giving priority to safety and not lower our guard or leave things to chance. [passage omitted]

On the subject of carrying through organizationally, Zhu Rongji said: We must exercise effective leadership, reinforce flood prevention organs, and implement the system of personal responsibility. The principal officials of the various commissions, offices, and bureaus of the municipal government and the district and county governments must personally attend to the work of preparing against typhoons and floods. If there is an accident resulting from negligence, the officials responsible should bear the responsibility first. He said: The work of preparing against typhoons and floods involves all trades and professions. There must be unified management and coordination. Especially in case of an emergency, there must be unity in action and command.

Speaking of measures, Zhu Rongji said: Flood prevention organs at all levels must carry out a general survey before the high water season and take effective measures to remove hidden perils to ensure safety. [passage omitted]

**Shanghai Mayor Addresses Management Symposium**  
*OW2205121888 Shanghai Voice of Pujiang*  
*in Mandarin to Taiwan 0900 GMT 17 May 88*

[Text] A symposium on the training of management personnel for the export-oriented economy opened yesterday morning at Shanghai's Jiaotong University. Shanghai Mayor Zhu Rongji came to the symposium to convey his greetings. He pointed out that taking turns to question groups of plant directors and managers has aroused a fervor to study management, introduce the competition mechanism, and raise the standard of business management in Shanghai, and is the hope for Shanghai's vitalization.

According to outside reports, the inauguration of the advanced business management training course of the Shanghai Economic Zone was held at the same time yesterday. In the last 4 years, Jiaotong University and the Chinese University of Hong Kong have jointly organized three training courses for advanced business management, and have helped to train 229 senior management personnel for Shanghai.

**Zhejiang Enterprises May Manage Own Foreign Trade**  
*OW2205173888 Beijing XINHUA in English*  
*1336 GMT 22 May 88*

[Text] Hangzhou, May 22 (XINHUA) — The first batch of 27 enterprises in east China's Zhejiang Province have recently been given the authority to manage their own foreign trade transactions, XINHUA learned today.

The enterprises are involved in machinery, textile and light industries and air transportation, and they now have the right to export their products and technologies or import foreign equipment and raw materials.

Before that, enterprises in the province as in other parts of the country were not allowed to deal with foreign businesses directly.

Officials from the province's foreign economic relations and trade department noted that the move is to encourage the enterprises to compete in the international market.

It is learned that more enterprises will be given the same power.

### **Central-South Region**

**Guangdong CPC Congress Plenary Session Closes**  
*HK2205080688 Guangzhou Guangdong Provincial*  
*Service in Mandarin 1030 GMT 18 May 88*

[Text] The Eighth Plenary Session of the Fifth Guangdong Provincial CPC Committee, which lasted 3 days, closed this afternoon. The plenum discussed and approved the fifth provincial party committee's work report, which is to be submitted to the Sixth CPC Guangdong Provincial Congress; it also agreed to recommend the report to the provincial party congress for approval.

During the plenary session, members of the provincial party committee discussed and examined conscientiously the provincial party committee's work report. They noted that the work report, which was drafted on the basis of repeated solicitations of opinions and revisions, reflected the principle of promoting democracy, the mass line, and a modest and prudent attitude. The report represents fully the spirit of the 13th National CPC Congress and tallies quite closely with the actual circumstances in Guangdong. While endorsing the report, the participants in the plenum also suggested some amendments.

Present at today's meeting were 52 members of the Standing Committee of the provincial party committee and members of the provincial party committee, and 12 alternate members of the provincial party committee. Provincial party committee Secretary Lin Jiao presided over and addressed the meeting. Seated at the rostrum were provincial Deputy Secretaries Ye Xuanping, Xie Fei, Wang Ning, and Guo Rongchang, as well as other

leading comrades of the provincial party committee. Members of the provincial Advisory and Discipline Inspection Commissions also attended today's meeting as observers.

**Advisory Commission Endorses Report**  
*HK2205080088 Guangzhou Guangdong Provincial*  
*Service in Mandarin 1030 GMT 18 May 88*

[Text] After attending the Eighth Plenary Session of the Fifth Guangdong Provincial CPC Committee as observers, the members of the Guangdong Advisory Commission convened the commission's eighth plenary session at the Zhudao Guesthouse on the afternoon of 18 May. They examined and ratified the commission's work report that is to be submitted to the Sixth CPC Guangdong Provincial Congress. The plenum was presided over by Comrade Du Ruizhi, vice chairman of the Guangdong Advisory Commission. A total of 34 members of the provincial Advisory Commission attended the plenum.

The comrades who attended the plenum reviewed the provincial Advisory Commission's work in the past 5 years. They agreed that the commission had played a positive role in acting as an advisor and aid to the provincial party committee and in fulfilling tasks assigned by the provincial party committee. The plenum also paid tribute to those old comrades who are going to retire from the Advisory Commission.

**Guangdong Discipline Commission Adopts Report**  
*HK2205075688 Guangzhou Guangdong Provincial*  
*Service in Mandarin 1030 GMT 18 May 88*

[Text] The Seventh Plenary Session of the Guangdong Provincial CPC Discipline Inspection Commission was held in Guangzhou from 16 to 18 May. A total of 30 members of the provincial Discipline Commission attended the plenum. Wang Zongchun, secretary of the provincial Discipline Inspection Commission, presided over and addressed the plenum.

This plenum was held while members of the provincial Discipline Inspection Commission were attending the Eighth Plenary Session of the Guangdong Provincial CPC Committee as observers. The participants in the plenum discussed and ratified the Guangdong Provincial CPC Discipline Inspection Commission's work report, which is to be submitted to the Sixth CPC Guangdong Provincial Congress, and agreed to recommend the report to the party congress for examination.

**Guangdong Encourages Foreign Exchange Business**  
*OW2105143888 Beijing XINHUA in English*  
*1008 GMT 21 May 88*

[Text] Beijing, May 21 (XINHUA) — As the pioneer in China's open policy, Guangdong Province broke official banks' monopoly over its foreign exchange market and encourages qualified financial institutions to engage in this profitable business.



Sources from the Ministry of Foreign Economic Relations and Trade told XINHUA that in addition to the Bank of China and China International Trust and Investment Corporation, 80 financial institutions in Guangdong are now involved in foreign exchange banking.

Thirty of them have been authorized to issue letters of credit, the sources said.

Foreign capital has entered the province's financial market, and by now Guangdong boasts 47 foreign funded financial institutions, including 16 banks operating in Shenzhen and Zhuhai, both special economic zones.

In addition, Guangdong has taken some other flexible measures, such as those regarding the settlement for small volume border trade, to speed up the circulation of its foreign exchange capital.

Statistics show that Guangdong's foreign exchange capital turns over at an average rate of three to four times a year, increasing the province's foreign exchange earning by at least 300 million U.S. dollars every year.

A close neighbor to Hong Kong, Guangdong was China's first province opened to foreign businesses. It has 5,100 foreign investment ventures, about a half of the country's total and its export last year reached 5.5 billion U.S. dollars, ahead of other provinces in China.

To attract more capital for its development, Guangdong has decided to accredit two or three more foreign funded banks for business in cities other than the special economic zones and to provide them with a suitable environment to compete and expand their business in the financial market.

The Guangdong Development Bank now under preparation will open its business later this year. It will act as a regional share-holding commercial bank and engage in Renminbi and foreign currency savings and settlement.

Officials in Guangdong hope that the bank would get a fund of 500 million yuan by attracting investment in the form of shares from local government, enterprises, financial services, the Bank of China group in Hong Kong, and Overseas Chinese.

#### Shenzhen Officials Discuss Improving Situation

##### Foreign Agreements Increase

OW2105184988 Beijing XINHUA in English  
1351 GMT 21 May 88

[Text] Hong Kong, May 21 (XINHUA) — Shenzhen has signed agreements on 5,630 projects with Hong Kong, Macao and foreign businessmen, involving a total investment of 4.7 billion U.S. dollars, Shenzhen Mayor Li Hao told a press conference here today.

He said that there are 1,400 foreign- or Hong Kong-funded industrial establishments in Shenzhen. In addition, over 3,000 factories process or assemble supplied materials and parts for external firms.

Shenzhen has also cooperated with 25 ministries and 27 provinces, municipalities and autonomous regions to set up over 2,000 firms.

On cooperation with Hong Kong, Li said that Hong Kong-funded projects amounted to 5,300 involving investment of 3.33 billion U.S. dollars, accounting for about 95 percent of the projects involving external fund and 70.8 percent of the total investment.

Shenzhen's exports amounted to 1,414 million U.S. dollars last year, of which 80 percent were exported to Hong Kong or through Hong Kong to other parts of the world.

Through learning the performance of Hong Kong's economy, the cooperation also promoted Shenzhen's reform of management of land, real estate, labor and wage system.

On the other hand, Hong Kong businessmen are investing or plan to invest in more big, long-term projects in Shenzhen, such as production of capital goods, establishing an optical fibre plant, development of airport and ports and preparing for an "electronic village".

##### Processing Industry Grows

OW2205141088 Beijing XINHUA in English  
1136 GMT 22 May 88

[Text] Shenzhen, May 22 (XINHUA) — The processing and assembly business using customer-supplied materials and parts is rapidly growing in Shenzhen City in south China's Guangdong Province.

During the first four months this year the city has signed 1,120 contracts, 50 percent more than the same period last year.

The contracts are worth 48 million U.S. dollars, also 50 percent greater than the same period last year, Vice Mayor Zhu Ruining said today in announcing an exhibition of Shenzhen products to be held later this month.

Zhu said that last year the city signed contracts on 2,480 such items — 70 percent more than in 1986 — and received charges of 120 million U.S. dollars — 81 percent higher than the previous year.

Zhu said the growth reflects improved investment conditions as well as a better world economic situation.

From 1979 to the end of March this year, the city had signed about 10,000 contracts involving processing and assembly in more than a dozen trades including electronics, toy and clothing.



There are now 4,000 factories with 200,000 workers engaged in the business. Earnings are put at about 400 million U.S. dollars.

Zhu said the exhibition will open May 27 and feature about 6,300 products made from processing with customer-supplied materials and compensation trade.

**Highway Robbers 'Running Wild' in Henan Province**  
*HK2005125788 Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 17 May 88*

[Text] A reporter has learned from the provincial Public Security Department that the public order situation of some highways in our province has recently been bad and highway robbers and highway bullies have been running wild.

A few days ago, the provincial public security department held a telephone conference to make arrangements for a special struggle against the highway robbers and highway bullies.

According to incomplete statistics of 14 prefectures and cities, including Zhengzhou, Luoyang, Pingdingshan, Nanyang, Zhoukou, Shangqiu, and Xinyang, since the beginning of this year, some 480 cases of highway robbery, stealing, hooliganism, and murder committed by highway robbers and highway bullies have occurred. The majority of these cases occurred in the long-distance coaches, buses, and bus stations and points. The victims included drivers, conductors, and passengers and materials transported were stolen.

In view of this, the provincial Public Security Department demanded that all public security organs specially tidy up the sections of the highways in which the public order situation is bad and that they crack down on the criminal cases of robbery, snatch, stealing, group robbery, assault on drivers and passengers, and of forcibly intercepting and detaining buses along the highways. In conjunction with their local realities, all places must carry out careful organization, firmly grasp the implementation of the measures for tidying up public order, and crush resolutely the arrogance of the highway robbers and highway bullies.

**Henan Enterprises Forum Ends 16 May**  
*HK2005124988 Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 17 May 88*

[Text] A forum on enterprises, which was held by the State Commission for Restructuring the Economy, concluded in Luoyang on 16 May. Attending were 64 influential groups of enterprises and combines from all trades and professions throughout the country, 18 comprehensive professional departments of the State Council, and representatives of departments concerned of some provinces and municipalities.

At the forum, the representatives studied the spirit of the speeches of the leading comrades of the CPC Central Committee and State Council on the development of the groups of enterprises, looked back on the course of the development of the groups of the enterprises of our country, exchanged views on and experiences in the development of the groups of enterprises, and studied the new situation and new problems emerging in the course of the development of the groups of enterprises. The participants in the forum put forward their suggestions on further promoting the development of the groups of enterprises.

In his speech, (Gu Jiaqi), director of the Department of the Economic Management Structure of the State Commission for Restructuring the Economy, pointed out: Building the groups of enterprises with Chinese characteristics is where the economic takeoff of our country lies, where the economic lifelines of our country lie, and where our heading for the world and being among the world economic circles lies.

He Guanghui, vice executive minister of the State Commission for Restructuring the Economy, delivered the summation speech. He stressed: It is necessary to enhance the groups of the enterprises of our country to a new plane of development, to establish a strict system of scientific management, and to rely on scientific progress to strengthen the development ability of the groups of the enterprises. We must regard the establishment of the export-oriented groups of enterprises and implementation of the economic development strategy in the coastal areas as a target and can select a number of groups of the key enterprises to conduct experiment in advance reform on the basis of the independent economic decisionmaking authority in the state plan.

Vice Governor Hu Xiaoyun and responsible comrades of the departments concerned attended the forum and extended greetings.

**Henan Approves Zhengzhou Development Zone Project**  
*HK2305054788 Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 18 May 88*

[Text] On the afternoon of 16 May, the provincial government officially approved the scheme for the Zhengzhou Economic and Technological Development District project. This was an important decision made by the provincial authorities to develop the export-oriented economy and to speed up urban modernization in cooperation with Zhengzhou City, the provincial capital. Present at the signing ceremony for the summary of the feasibility study of the development project were Vice Governor Qin Kcai, the responsible comrades of 16 organizations, including the provincial Planning Commission, Economic Commission, Finance Department, bank, Taxation Bureau, and (Economic and Commerce) Bureau, and Zhengzhou Mayor Hu Shujian.

The Zhengzhou Economic and Technological Development District is to be built along the western bank of Lake (Xiliu) and will stretch to (Tielu) Station. The development scheme is divided into three phases: The initial phase will cover an area of 1 square km, the second phase will expand the district to cover an area of 3 square km, and the total area of the district after it is fully developed will be 10 square km. Construction of the project will be started this year and be completed by 1990. All kinds of production, support, and servicing facilities will be built fully to form a complete structure by 1995. By that time, the development district's gross industrial output value will be expected to reach 500 to 800 million yuan, the total value of profits and taxes turned over to the state will reach 120 to 190 million yuan, and the value of exported products will exceed 300 million yuan.

In order to build the economic and technological development district smoothly, attract foreign funds, and introduce advanced technology, the Zhengzhou City government has specially adopted 21 preferential measures, which fall into four categories. The Development District Project Construction and Administrative Committee will enjoy the status of an organ at the sub-prefectural level and will have its own independent Financial Department. The committee will assume full responsibility for all its revenue and expenditure, being subject to the economic policies applicable to government organs at the provincial level and enjoying the appropriate economic administrative power. Preferential treatment in terms of income and real estate taxes, and business management will be given to foreign business firms that make investments, establish enterprises, and introduce advanced technology in the development district, as well as to enterprises in the district associated with enterprises from other parts of the country.

**Hunan Governor's Article on Qualified Personnel**  
HK2005130988 Changsha Hunan Provincial Service  
in Mandarin 2200 GMT 15 May 88

[Text] According to HUNAN RIBAO, the third issue of SHENZHOU XUEREN [SCHOLARS FROM THE DIVINE LAND—the Divine Land is a poetic name for China] published in May carries an article by Hunan Governor Xiong Qingquan. The article is entitled "What Hunan Needs Most Are Qualified Personnel." SHENZHOU XUEREN is a journal which is geared to the needs of Chinese students studying abroad.

In the article, Governor Xiong gave a briefing on Hunan Province's basic conditions, the general strategic objectives of economic development, as well as the favorable conditions and restrictive factors in the province.

The governor's article noted: What we need most in speeding up the vigorous development of the economy of Hunan are well-trained qualified personnel who have high aspirations and are expert in various fields. We plan to train qualified personnel in various forms and through

various channels. At the same time, we must quicken the pace of reforming the scientific and technical system, the educational system, and the personnel system, open all avenues for selecting qualified personnel, and encourage competition among qualified personnel and the flow of qualified personnel. We must enable top qualified personnel to have equal opportunities to be selected, create conditions for enabling outstanding qualified personnel to make great advances in their careers through their abilities and talents, and allow all areas to freely gain experiences in recruiting qualified personnel.

Governor Xiong's article added: In addition to recruiting qualified personnel in China, we must also recruit qualified personnel from abroad. Regarding those qualified personnel who have studied abroad, we must assign important jobs to them according to their abilities, and give them preferential treatment in terms of working and living conditions. We cordially welcome overseas experts and scholars giving lectures or working in Hunan.

**Hunan Stresses Education in National Defense**  
HK2305083188 Changsha Hunan Provincial Service  
in Mandarin 2200 GMT 17 May 88

[Excerpt] Since the beginning of this year, all areas in our province have conducted education in national defense extensively. This has strengthened the cadres' and people's sense of national defense, built closer Army-people and Army-government relations, and promoted the building of reserve forces for national defense.

During the first session of the seventh provincial People's Congress held in January, newly appointed provincial People's Congress Standing Committee Chairman Liu Fusheng, Governor Xiong Qingquan, and other leading comrades visited the PLA delegation to the provincial People's Congress and discussed with the delegation some important matters concerning education in national defense. They noted unanimously: In promoting economic construction, we must not blunt our sense of national defense. We must bring education in national defense into line with the general education for the whole population.

Mao Zhiyong, former secretary of the provincial party committee, has lectured regularly for leaders at all levels on the importance of education in national defense and has taken the lead in writing papers on military affairs.

Jiang Jinliu, commander of the provincial Military District, has joined comrades from the propaganda and news departments repeatedly in studying and formulating plans for conducting education in national defense. [passage omitted]

### Southwest Region

**Guizhou Party Secretary Inspects Enterprises**  
HK2005145588 Guiyang Guizhou Provincial  
Service in Mandarin 2200 GMT 17 May 88

[Excerpt] Hu Jintao, secretary of the provincial party committee, yesterday inspected eight collective and individual enterprises in Anshun City. [passage omitted]



**Guanxian County Renamed Dujiangyan City in Sichuan**  
*OW2005120388 Beijing XINHUA in English*  
1026 GMT 20 May 88

[Text] Chengdu, May 20 (XINHUA)—Guanxian County in Sichuan Province was renamed as Dujiangyan City today as approved by the Chinese central government.

The name of the city is derived from an ancient irrigation system which was built 2,200 years ago.

Dujiangyan is a state scenic area and state relics protection site. Within the city's boundary, are an irrigation system which carries water to 600,000 hectares of farmland, a temple for Li Bing and his son who led the local people to build the system, and picturesque Qingchengshan Mountain.

The State Council has placed the city under Sichuan provincial government administration to speed its opening to the outside world and boost tourism.

Last year, more than 4.5 million domestic and foreign tourists visited the site.

**Tibet Improves Satellite Communications**  
*HK2005142888 Lhasa Tibet Regional Service*  
in Mandarin 1330 GMT 17 May 88

[Text] According to TIBET RIBAO, there has been a quick development of our region's satellite communications industry over the past few years. We can see splendid prospects in this industry.

At present, Lhasa has established telephone lines linking with Shanghai, Tianjin, Wuhan, Shenyang, Guangzhou, Chengdu, and Xian. There is also a semiautomatic [word indistinct] line between Lhasa and Beijing. As a result, we have made some headway in surmounting Tibet's great difficulties in making contact with the interior of our country by long-distance telephone.

To satisfy Tibet's needs for opening up, enlivening the economy, and promoting tourism, Tibet has established two international (?telephone lines), thus making it very convenient for foreign visitors in Tibet to contact people outside China. In addition, the governments, [words indistinct], and news units in Tibet are provided with special-purpose (?long-distance telephones).

Due to the joint efforts made by people's governments and departments of posts and telecommunications at all levels, there has been a quick development of Tibet's satellite communications industry. The installation of the ground satellite communication station in Qamdo was completed at the end of April this year. The installation of the circuit between the Qamdo and Lhasa ground satellite communication stations was completed on 13 April this year. The circuit has gone into successful trial operation. Ground satellite communication stations will soon be installed in Ngari, Xigaze, Nyingchi, and

(?Zhanang). It is estimated that a Tibet regional satellite communication network will be established before the end of this year. With the Lhasa station as the network's central station, the network will comprise the stations in Ngari, Xigaze, Nyingchi, and (?Zhanang).

According to a satellite communication plan mapped out by the Ministry of Posts and Telecommunications, the third-phase project to extend the Lhasa ground satellite communication station will be carried out in the second half of this year [words indistinct].

The autonomous regional people's government has decided to build two television [words indistinct] at the ground satellite communication station in the [Lhasa] City Telecommunications Bureau. Designs for this are currently being made [words indistinct]. It is estimated that the building of the two television [words indistinct] will be completed in the first half of next year.

**Yunnan Leaders Appraised of Development Assessment**  
*OW2105081188 Beijing XINHUA Domestic Service*  
in Chinese 0537 GMT 16 May 88

[By reporters Li Zhengjie and Yu Shichang]

[Excerpts] Kunming, 16 May (XINHUA)—A study and appraisal on comprehensive development of the Lancang River Valley ended in Kunming today. The project is designed to promote Yunnan's economic development. Several scores of hydroelectric power, water conservation, economic, chemical engineering, transport, and ecological experts took part in the study and appraisal. After nearly 1 month of field trips and appraisals, they found that the Lancang River Valley is a treasure house of natural resources. In their opinion, efforts to develop hydroelectric power there will bring economic prosperity to local people of various nationalities, and promote the development of phosphorous, nonmetal, and other high-energy-consumption industries. [passage omitted]

Principal responsible persons of the Yunnan Provincial Party Committee and the provincial government Pu Chaozhu, He Zhiqiang, and Zhu Kui listened attentively to the experts' opinions.

### North Region

**Report on Price Adjustments in Beijing**  
*OW2005141888 Beijing XINHUA Domestic Service*  
in Chinese 1334 GMT 15 May 88

[Article by XINHUA reporters Yan Zhenguo and Ni Xiaosun: "First Day of Price Readjustments of Nonstaple Foodstuffs in the Capital"]

[Excerpts] Beijing, 15 May (XINHUA)—Today is the first day of implementing the plan to readjust the prices of some nonstaple foodstuffs in the capital.



The masses' response to this reform, which affects the immediate interests of every resident in Beijing, is quite warm. However, the situation remains calm on the market. On the busy streets and in various stores filled with customers, "price readjustments" and "subsidies" are the major topics of conversation among the people.

"The price of luncheon meat jumped from 1.8 yuan to 2.7 yuan. This is ruthless!" "This is not ruthless. If peasants are not allowed to make profits, we are not going to raise pigs!" This is a conversation between a consumer and a peasant in front of a delicatessen counter in Xitan Market.

"As a consumer, I am opposed to price readjustments. However, in order to invigorate business and enliven the market, I, as a manager, support price readjustments and even think that the price readjustments are not big enough," said a delicatessen store manager to XINHUA reporters.

The debate between a consumer and a producer and the contradictory views of the store manager show that price reform is indeed the most complicated and difficult part of the economic structural reform and the barrier that we must go through in the course of reforming our economic system. With regard to this barrier, what are the views of the people?

Li Jinghui, secretary of the party committee of the Beijing Municipal Woolen Knitware Factory, said: "This time, it is said that the prices of four types of nonstaple foodstuffs will be increased. However, in reality the prices of many related commodities will be readjusted. A 10-yuan subsidy will definitely fail to solve problems. Many people's livelihood will be affected. Therefore, our factory's principle is: Let the masses speak their views, but we must pay full attention to production. We carry out price readjustments on the basis of the law of value. Such price readjustments are independent of the will of man. To make up for the losses caused by price readjustments, the fundamental way out is to vigorously develop production and raise economic efficiency so as to increase workers' income." A young worker, Zhang Yuan, simply told a head of a workshop: "There is no need for you to give any reason for price adjustments. All you need to do is to fulfill your task. Whatever reason you give for making price readjustments is enough, because we understand that the price readjustments represent a general trend of reform."

Liu Yanming, manager of Xitan Market, who assumed the post by winning a bid, aired his views: The enterprises must pay the subsidy to workers after the price readjustments. We pay more than 50,000 yuan subsidy to the workers per year after the price readjustments. This is a big burden for us. In this regard, I am somewhat opposed to price readjustments. However, on the other hand, I also see the tense situation in the supply of meat,

eggs, sugar, and vegetables. [passage omitted] My view is: Plenty of commodities at higher prices is better than no commodities at lower prices. [passage omitted]

What is the actual situation in effecting the price reform? After visiting people from all walks of life, XINHUA reporters have the following impression: The majority of people support the reform. They fully understand the difficulties at present. The people's hearts are one with the government. So long as we act prudently, all departments coordinate with each other, and the people at the high level work shoulder to shoulder with those at the lower level, it is entirely possible to overcome this barrier of price reform.

**Farmer Criticizes Officials on Land Contract**  
*OW2305012488 Beijing XINHUA Domestic Service in Chinese 0701 GMT 19 May 88*

[By correspondent Xu Bin and reporter Zhang Shuyin]

[Text] Beijing, 19 May (XINHUA) — Gao Zongyun, a farmer of Changlinzhuang Village in Mulin Township, Shunyi County on the outskirts of Beijing, held a press briefing at his house on 13 May. He criticized the local government for unilaterally scrapping a land contract and forcibly taking back his contracted land. He asked the journalists present to uphold justice and safeguard the peasants' legitimate rights and interests.

Showing the reporters a piece of contract stamped with the red seal of the villagers committee, Gao Zongyun said at the briefing: The contract clearly states that the validity of my contract on the 45.5 mu of land runs from 4 October 1986 to 20 September 1989. However, in January 1988, 2 years before the expiration of the contract, village cadres took the land away under the pretext of developing agriculture on a fairly large scale.

Gao Zongyun said: "Originally the land was the most barren area in the village. When the production brigade leader asked me to contract the land, I wasn't sure I wanted to do it. To minimize the risk, I asked three peasants from neighboring villages to invest jointly several thousand yuan to increase the fertility of the soil."

A reporter asked: "Did the village consult with you and get your consent before it terminated the contract?" "No," said Gao Zongyun.

When asked whether he had other sources of income from industry or sideline occupations, Gao Zongyun replied: "No."

Another reporter asked if Gao was given another piece of land, to which Gao replied: I do not want other land. I want to till the land I have contracted. The contract clearly states that it is good for 3 years. Why did they unilaterally scrap the contract before its expiration?

According to "A Required Reading for Specialized Households," a book I have kept on government policies, this should not happen.

The reporters saw that the contracted land has already been divided into strips for 79 farming households. Some are growing wheat, and others, peanuts and cabbages. Several strips are still vacant lots. A farmer said: "Since Gao Zongyun has already contracted the land for 3 years, we dare not till the land."

In the newly built office building of Mulin Township, the reporters talked to Cai Rongming, deputy secretary of the township party committee. He said: "The contract has been nullified, not scrapped, because we want to develop agriculture on a fairly large scale and fulfill the annual target of wheat growing. There is nothing wrong with what we have done. It is Gao Zongyun who has violated the contract by transferring land-use to people from neighboring villages."

A reporter asked: "Did the contract specify that the land-use rights should not be transferred for use by others? Do you think the central authorities prohibit the peasants from transferring the land?" Brushing aside the question, the deputy secretary stood up and said: "Although the contract does not explain, this is absolutely not permissible."

A reporter asked: "When the township decided to terminate the contract, did it ever consider giving compensation to the contractor for the investment he has put into it and other losses he has suffered?" The deputy secretary said: "To develop agriculture on a fairly large scale is a national policy that will unavoidably put some peasants in a disadvantageous position. Gao Zongyun has received income from the contracted land. He did not suffer any economic losses. If the township sympathizes with him, it may give him some compensation; otherwise, he cannot get any."

A reporter asked: "In discussing the development of agriculture managed on a fairly large scale in his government work report to the First Session of the Seventh NPC, Premier Li Peng said: 'We must not rush headlong into mass action, issue arbitrary orders, and spoil things by excessive enthusiasm.' The central authorities' Document No 1 of 1984 has also clearly stipulated that the contracting of land should run for 15 years. What do you think of these things?" The deputy secretary said nothing.

Over 10 reporters from RENMIN RIBAO, XINHUA, the central TV station, JINGJI RIBAO, FAZHI RIBAO, and BEIJING FAZHI BAO attended the news briefing.

**Beijing Plans New Technology Development Area**  
*OW2205101988 Beijing XINHUA in English*  
*1213 GMT 21 May 88*

[Text] Beijing, May 21 (XINHUA) — The State Council just authorized the Beijing Municipal Government to set up a new export-oriented, technology development area in the city's Haidian District.

Based in Zhongguancun, the area is already the home of 148 non-governmental science and technological firms which employ 3,800. Most of these companies deal in computers and research, and scored a business turnover of 900 million yuan (243 million U.S. dollars) last year without state help.

Beijing's Haidian District is the country's largest intelligence intensive area and is the site of more than 50 universities and 138 research institutes, which are serviced by China's top research centers and equipment. The state has spent almost 10 billion yuan (2.7 billion U.S. dollars) on the area since the founding of New China in 1949.

The municipal government has worked out some provisional regulations to encourage the area's development which include:

- reducing income tax to 15 percent;
- making new technological enterprises tax exempt for three years;
- allowing export-oriented enterprises greater freedom to import products and raw material; and
- permitting new technological enterprises to retain the foreign currency they earn for three years, with 20 percent turned in to the local government during the fourth year.

**Hebei Government Holds Meeting of Department Directors**  
*SK2305095888 Shijiazhuang HEBEI RIBAO*  
*in Chinese 8 May 88 p 1*

[Text] Governor Yue Qifeng said: We should commend and encourage cadres who are keen on reform, who work hard for improvements, and who exert vigorous efforts to make the country prosperous and to contribute. Cadres who make mistakes of one kind or another over the course of reform and opening up must be protected and supported provided that they have summarized experience and made improvements. This government will not welcome those who do not give serious thought to anything, who are busy but accomplish nothing, who drift along aimlessly, who serve as only peacetime officials, and who disappoint the people's heavy trust and hopes. This government will also not allow people to stir things up, create trouble, and disappoint the people throughout the province.

The above statement was given by Yue Qifeng at this morning's meeting of directors of various departments and bureaus under the provincial government. Also attending the meeting were mayors and commissioners of various prefectures and cities attending the first session of the seventh provincial People's Congress.

Yue Qifeng also said: Members of this newly elected government and responsible comrades of various prefectures, cities, and departments should consider promoting reform as their most important duty. We should foster a fundamental concept and consider things whether they are conducive to the development of productive forces or not as a criterion for judging all things, either good or bad. The provincial government, all prefectures, cities, and departments should always consider accelerating our province's economic development as the focus of considering issues and strive to achieve fairly big progress and remarkable results within this year or next in the reform of urban and rural economic structural reform, finance, banking, circulation, science, technology, and education.

We should broaden our fields of vision and our trend of thought, unceasingly analyze and compare our province's work with advanced provinces, study other provinces' strong points, and discover our own deficiencies. Our province should learn from Shandong and all levels and departments should compare their work with Shandong, discover where they lag behind and analyze the reason, formulate measures and set targets for catching up with and overtaking them; and strive to greatly change the province's economic work within a fairly short period of time.

This government must remarkably improve its workstyle and must be free from corruption in line with the demands of the party Central Committee and the State Council. It is necessary to resolutely check extravagance and waste, the practice of giving and taking bribes, and corruption and strictly deal with those persons who violate laws and discipline. By no means should we tolerate them. We should raise our efficiency. Government departments should realistically change their functions; delegate powers to the lower levels; unceasingly intensify macroeconomic guidance, control, and regulation; and firmly foster the concept of wholeheartedly serving the grassroots levels and the masses. We should strengthen investigations and study, maintain close ties with the masses, strive to overcome bureaucracy, and strengthen unity. Cadres at all levels, members of leading bodies in particular, should consider the overall situation, support one another, maintain close coordination, eliminate interference, fight in unity, and wholeheartedly propel the broad masses of cadres to fulfill the tasks entrusted to them by the party and the people.

Vice Governors Ye Liansong, Song Shuhua, Wang Zuwu, and Zhang Runshen, and provincial government adviser Li Feng aired their respective views on the current industrial, agricultural, financial, foreign trade, scientific, technological, cultural, educational, and public health work. They said: Viewing the general situation, our province's production situation during the first 4 months of this year was good. However, there are still many problems. We must allow reform to play a dominant role in our overall work. Industrial enterprises

should continue to grasp contract business and all supporting reforms with a view toward raising the successful rate of contracts. Small enterprises should continue to adopt reform measures such as leasing, transfers, auctions, and mergers. Township enterprises should grasp quality, management, technical innovation, and improvements; produce competitive products through cooperation; enter the international market; and strive to earn foreign exchange through exports. It is presently a crucial season for agricultural production and the drought situation is quite serious. Governments at all levels should mobilize the masses to "combat drought and guarantee spring sowing and summer grain." The industrial sector should set aside part of their electricity to support the agricultural sector to combat drought. Wheat disease and insect pests are serious. All localities should actively organize the supply of agricultural chemicals and rapidly supply the existing diesel and chemical fertilizer to peasants. It is necessary to accelerate the pace of foreign trade structural reform, build export commodity bases, actively organize above-quota exports, strive to grasp financial structural reform, and grasp taxation work, particularly miscellaneous taxes. Major profitmaking and tax-paying households should help key enterprises by implementing the policy of "giving water to fish — first giving benefits to enterprises before receiving benefits from them so as to cultivate financial resources."

**Hebei Official Summoned on Threat Charge**  
OW2205080888 Beijing XINHUA in English  
0537 GMT 22 May 88

[Text] Beijing, May 22 (XINHUA) — Zhou Zhiyuan, director of the Communications Bureau of Baoding, north China's Hebei Province, was summoned to a Beijing police station Saturday on a charge of threatening a woman road toll collector by force.

The director was stopped and asked to hand in four yuan of road toll at the newly-built Beijing-Shijiazhuang expressway on his way back to Baoding from Beijing in a minibus on May 2.

Refusing to pay as much as the woman collector asked, Zhou, together with his family members on board the bus, pushed and dragged the woman into the bus and drove forward for over one kilometer away. Then they put the collector out of the bus and fled.

Witnesses and local residents showed great indignation at Zhou's action.

When Zhou was asked to be present at court on May 16 in a warrant issued on May 11 by the Fengtai Public Security Sub-Bureau of Beijing, he was hospitalized at a local hospital for a treatment of high blood pressure.

But when Zhou's blood pressure dropped to 90 and 130 on May 17, he still refused to go to the court.



## Hebei People's Congress Session Concludes

### Elects Provincial Leaders

SK2205105588 Shijiazhuang Hebei Provincial Service in Mandarin 2200 GMT 3 May 88

[Excerpts] The first session of the seventh provincial People's Congress held the fourth meeting to elect chairman of the provincial People's Congress Standing Committee, provincial governor, president of the provincial Higher People's Court, chief procurator of the provincial Procuratorate, and secretary general of the provincial People's Congress Standing Committee.

Guo Zhi was elected chairman of the provincial People's Congress Standing Committee; Yue Qifeng, governor; (Lin Yongjin), president of the provincial Higher People's Court; Liu Zongxin, chief procurator of the provincial Procuratorate; and Li Tie, secretary general of the seventh provincial People's Congress Standing Committee.

Liu Ying, executive member of the presidium of the session, presided over the meeting. [passage omitted]

Yue Qifeng, (Wang Yaohui), Li Yongjin, (Mao Baifen), (Ning Quanfu), (Shen Zhiming), (Liu Yuansheng), (Song Yuanbo), Fu Jiaqin, Li Yuzhen, (Ba Yaer), (Yao Kegui), and (Wang Zhengxia) attended the meeting as executive members.

### Elects Congress Officials

SK2205105788 Shijiazhuang Hebei Provincial Service in Mandarin 2200 GMT 5 May 88

[Text] The first session of the seventh provincial People's Congress held the fifth meeting at which the participating members elected through secret ballot the vice chairmen of the seventh provincial People's Congress Standing Committee and the vice governors of the provincial People's Government.

The election results are as follows: Yue Zongtai, Liu Ying, Wang Youhui, Hong Yi, (Zhou Renjun), and Du Benjie were elected vice chairmen of the seventh provincial People's Congress Standing Committee. Ye Liansong, Song Shuhua, Wang Zuwu, and Zhang Runshen were elected vice governors of the provincial people's government.

Zhang Kerang, executive chairman of the session, presided over the meeting. Also attending the meeting were executive chairmen of the session, including Li Wenshan, (Ding Wenbin), Du Benjie, (Tian Yicheng), Wang Quan, (Yuan Jinglin), Ying Linfu, (Fan Huaici), (Fan Guodong), (Wu Shuangzhan), and (Li Qilin).

### Radio Summarizes Session

SK2205110388 Shijiazhuang Hebei Provincial Service in Mandarin 2200 GMT 6 May 88

[Excerpts] After accomplishing satisfactorily all pre-terminated tasks, the 12-day first session of the seventh provincial People's Congress concluded successfully on the afternoon of 6 May.

The session urged that under the guidance of the line set forth at the 13th party congress, the people of various nationalities throughout the province should make concerted efforts, quietly immerse themselves in hard work, do pioneering work, blaze new trails, and ceaselessly promote the socialist modernization.

The 12-day session proceeded in an atmosphere of democracy, openness, and unity from beginning to end. [passage omitted]

The closing ceremony was held at the meeting hall of the Shijiazhuang City Workers' Cultural Palace auditorium. Seated in the front row on the rostrum were executive members of the Presidium and newly elected chairman and vice chairmen of the provincial People's Congress Standing Committee, including Xing Chongzhi, Li Wenshan, Yue Qifeng, Sun Guozhi, Guo Zhi, (Ye Zongtai), Pan Chengxiao, Liu Ying, Zhang Kerang, Wang Yu, Han Qimin, Du Benjie, Wang Youhui, Hong Yi, Zou Renjun, and Li Tie. Also seated on the rostrum were members of the Presidium. Attending the closing ceremony were responsible persons of the provincial party committee, Advisory Commission, government, CPPCC Committee, Military District, Higher People's Court, People's Procuratorate, various democratic parties, and mass organizations. [passage omitted]

Voting by a show of hands, the session adopted the resolution on the work report of the provincial government, the resolution on 1988 national economic and social development plan, the resolution on 1987 final accounts and the 1988 budget, the resolution on the work report of the sixth provincial People's Congress Standing Committee, the resolution on the work report of the provincial Higher People's Court, and the resolution on the work report of the provincial People's Procuratorate. [passage omitted]

After these resolutions had been adopted at the session, Guo Zhi, newly appointed chairman of the seventh provincial People's Congress Standing Committee, and Yue Qifeng, newly appointed provincial governor, made speeches at the session. Their speeches were delivered amid a burst of applause.

The session concluded amid the magnificent national anthem at 1644 in the afternoon.

**Li Ruihuan Reelected Tianjin Mayor**  
*OW2205134188 Beijing XINHUA in English*  
*1207 GMT 22 May 88*

[Text] Tianjin, May 22 (XINHUA) — Li Ruihuan was re-elected mayor of Tianjin, the largest port city in north China, here today at the first plenary session of the eleventh municipal People's Congress.

Li is member of the Political Bureau of the Chinese Communist Party Central Committee and secretary of the Tianjin municipal party committee.

Li Ruihuan first became nationally known 24 years earlier when, as a young carpenter helping to build the Great Hall of the People in Beijing, he figured out a simple, scientific method of calculating the enlargement of wooden carpentering models.

Later, studying on his own, he graduated from the Beijing Architectural Institute.

He first became mayor of Tianjin in 1982.

**Tianjin CPPCC Session Elects New Leaders**  
*SK2205110588 Tianjin City Service in Mandarin*  
*2200 GMT 19 May 88*

[Text] The First Session of the Eighth Tianjin Municipal CPPCC Committee elected a new leading organ in the afternoon of 19 May. Comrade Tan Shaowen was elected as chairman of the eighth municipal CPPCC Committee. Newly elected vice chairmen of the municipal CPPCC Committee were Xiao Yuan; Zhao Jinsheng; He Guomo; Huang Difei; Huang Yusheng; Yang Tianshou; Yu Songting; Kang Tiejun; Chen Ruyu, female; Liao Canhui; and (Yang Hui). Guo Jinhou was elected secretary general of the eighth municipal CPPCC Committee. Ding Huancai and other 124 members were elected as Standing Committee members of the eighth municipal CPPCC Committee.

Some 742 members were supposed to attend the session on the afternoon of 19 May, and 640 were present. The elections were held through secret ballot with the number of candidates equal to that of posts. The results of the elections were valid.

**Tianjin Official Says Civil Disputes Increase**  
*OW2005223488 Beijing XINHUA in English*  
*1412 GMT 20 May 88*

[Text] Tianjin, May 20 (XINHUA) — Civil disputes are on the increase here as more and more citizens turn to the law to protect their rights and interests.

Last year city courts handled about 100 cases concerning rights to use portraits and names, copyright infringements and defamation suits.

Previously such cases were rare, said Wang Yongchen, vice-president of the Higher People's Court. But these days citizens have become more conscious of their rights.

The civil cases handled last year was 24.8 percent higher than in 1983. In the past five years the courts have handled 63,000 cases with 61 percent involving matrimonial and family disputes and 48 percent, divorce. About six percent involve adults who neglect or maltreat their aged parents.

Wang said about 80 percent of the cases were settled within three months and over 70 percent were settled through mediation.

### **Northeast Region**

#### **Fifth Jilin Provincial CPC Congress Opens**

**Preparatory Meeting Held**  
*SK2205110988 Changchun Jilin Provincial Service*  
*in Mandarin 2100 GMT 19 May 88*

[Text] The Jilin Provincial CPC Committee held a preparatory meeting of the fifth provincial party committee in Changchun City on the afternoon of 19 May. There were 513 delegates elected from various localities to the fifth provincial party congress and 12 specially invited delegates.

Some 478 delegates attended the preparatory meeting on 19 May; 47 delegates were absent because of sickness and private affairs. He Zhukang presided over the preparatory meeting.

The meeting adopted the namelist of the 53-member congress Presidium and the congress' secretary general, the namelist of the 15-member Credentials Committee, and the congress' agenda. The items of the congress' agenda are to hear and discuss the report of the fourth provincial party committee; to discuss the reports of the provincial Advisory and Discipline Inspection Commissions; and to elect the Fifth Jilin Provincial CPC Committee, and Advisory and Discipline Inspection Commission.

The preparatory meeting also adopted the working organs under the congress' Secretariat.

**Governor Gives Report**  
*SK2205131988 Changchun Jilin Provincial Service*  
*in Mandarin 0930 GMT 20 May 88*

[Excerpts] The Fifth Jilin Provincial CPC Congress opened ceremoniously in Changchun City on the morning of 20 May. All members of the congress Presidium were seated on the rostrum. Liu Jingsong, commander of the Shenyang Military Region, who was on his inspection tour in the province, was invited to the congress opening ceremony and was also seated on the rostrum.



Also seated on the rostrum were specially invited representatives, including—in order of the number of strokes in their surnames—(Ke Luqiao), Liu Cikai, (Yan Qitao), Li Diping, Yang Zhantao, Wu Duo, Song Renyuan, Song Jiehan, Zhang Kaijing, Zhao Xiu, and Zhao Xianye; responsible persons from the PLA units stationed in the province, including (Xie Decai), (Zhu Jinguo), and (Zhang Fuyuan); principal responsible comrades from the provincial-level organs of various democratic parties and the industrial and commercial federation and non-party democratic or patriotic personages, including Cheng Shengsan, Yu Ruihuang, Zhang Dexin, Guan Mengjue, Geng Yuelun, Luo Yuejia, Cai Qiying, and (Yuan Hongchen); and veteran leading personnel of the provincial-level organs, including (Yu Lin) and (Ge Linqi). [passage omitted]

Comrade Wang Zhongyu presided over the opening ceremony of the congress. [passage omitted]

During the opening ceremony, Comrade He Zhukang, entrusted by the Fourth Jilin Provincial CPC Committee, delivered a work report entitled "Further Emancipate Minds, Accelerate the Pace of Conducting Reforms and Opening to the Outside World, and Strive To Make Jilin Province Prosperous." Comrade He Zhukang's report comprises the following six parts: 1) The review of work done over the past few years, 2) the guiding principles of economic development strategies, 3) efforts should be made to accelerate or deepen the drive to conduct reforms in economic systems, 4) efforts should be made to push forward actively and stably the drive to conduct reforms in political systems, 5) efforts should be made to enhance the building of socialist spiritual civilization, and 6) efforts should be made to strengthen party building while conducting reforms and opening to the outside world. [passage omitted]

In his report, Comrade He Zhukang pointed out: We must keep a clear head, have a sense of emergency, and deeply study and implement the spirit of the 13th CPC Congress. Efforts should be made to further emancipate minds, to uphold the principle of proceeding from the reality, to follow the objective law, to deepen the drive to conduct reforms in economic systems, actively and adequately to do a good job in conducting reforms in political systems, to enhance the building of spiritual civilization and party building, and to unite as one and wage arduous struggle to push the province's program of building socialist modernization into a new stage.

In the second part of his report, Comrade He Zhukang referred to the province's guiding principles for economic development strategies and the following five strategic measures: 1) We should put science and technology and education on the first important position and enliven the economy by depending on scientific and technological progress and upgrading laborers' quality. 2) Efforts should be made to actively readjust the production structure to promote the harmonious and stable development of the national economy. 3) Efforts should

be made to actively develop collectively, individually, and cooperatively run enterprises in both urban and rural areas. 4) Efforts should be made to open the province to all directions to enhance the export function of economic development. 5) Efforts should be made to carry out the reasonable exploitation and utilization of natural resources and to establish economic development zones full of local characteristics.

In the third part of his report, Comrade He Zhukang put forward the following four issues on deepening or accelerating the drive to conduct reforms in economic systems: 1) Efforts should be made to bring about a change to the mechanism of enterprise management and to continuously improve the responsibility system. 2) Efforts should be made to accelerate the establishment of lateral economic associations and to develop enterprise groups and associations. 3) Efforts should be made to foster or develop market systems and to bring into play the functional role of markets. 4) Efforts should be made to further enhance the drive to conduct reforms in a coordinated way in macroeconomic management.

In the fourth part of his report, Comrade He Zhukang referred to the following five aspects with regard to actively and stably pushing forward the drive to conduct reforms in political systems: 1) Efforts should be made to separate party affairs from government work and to enhance the party's leadership over political affairs. 2) Efforts should be made to bring about a change to the government function and to enhance macromanagement. 3) Efforts should be made to conduct reforms in personnel affairs systems. 4) Efforts should be made to improve the system of democratic politics. 5) Efforts should be made to enhance the building of legal systems.

In the fifth part of his report, Comrade He Zhukang pointed out that in building socialism with Chinese characteristics, we should not only have highly developed material civilization but also highly developed spiritual civilization. It is imperative that we grasp the two civilizations simultaneously. We should earnestly implement the resolution adopted at the 13th CPC Congress on guiding principles for building spiritual civilization, inherit or develop the party's fine tradition in political work, and actively explore the law of ideological and political work under the new situation. In line with the principle of upholding democracy and opening to the outside world, we should improve the ideological and political work and enhance the building of socialist spiritual civilization. During the current and upcoming periods, the first important task in ideological and political work is to further emancipate minds and to ensure the implementation of the 13th CPC Congress' spirit. In emancipating minds, we must firmly foster the idea in which labor forces are fundamental criteria and enhance the sense of the commodity economy. We should attach importance to or be good at utilizing the law of value, pay attention to the undertakings of opening to the outside world, and eliminate the out-dated ideas that are unsuitable to the demand for developing the commodity economy.



In the sixth part of his report, Comrade He Zhukang stressed that it is imperative to attach great importance to enhancing party building, in which the following tasks should be fulfilled: 1) Efforts should be made to enhance the building of the party's ideology to upgrade party members' quality. Efforts should be made to emphatically do a good job in conducting education on the party's basic line of the initial stage of socialism and on the party's basic knowledge. 2) Efforts should be made to enhance the party's organizational construction to upgrade the party's combat strength; to unswervingly implement the general guiding principles for personnel affairs work, such as having personnel who are more revolutionary, younger in age, more knowledgeable, and professionally more competent; and to uphold democratic centralization and depend on collective wisdom in conducting scientific cooperation. A good job should be done in building grassroots level organizations in order to keep the steadfastness and purity of party organizations. 3) Efforts should be made to enhance the building of party style, to be resolute in strictly running the party, and to adopt more strict attitude toward running the party while encountering more tasks for conducting reforms and opening to the outside world. [passage omitted]

**Liaoning Governor Discusses Economic Development**  
*OW2305132188 Shanghai JIEFANG RIBAO*  
*in Chinese 12 May 88 P 3*

[Text] Recently the State Council decided to make Liaodong Peninsula [Eastern Liaoning Peninsula] an open economic zone. A heavy industry base in northern China, Liaodong Peninsula holds an important position in opening our country to the outside world. In this connection, Comrade Zhao Ziyang "believes that it is quite comparable to Changjiang Sanjiaozhou and Zhujiang Sanjiaozhou." How will its export-oriented economy be developed? What will be the salient features of this economy? In connection with these questions, which our readers are concerned about, this reporter recently had an interview with Liaoning Governor Li Changchun.

**Targets Set for Generating Foreign Exchange and Utilizing Foreign Capital [subhead]**

Our conversation began with discussing Liaoning's targets for developing its export-oriented economy. Governor Li, 44, told me: With regard to the question of how to develop Liaoning's export-oriented economy and the targets that should be met, the provincial government has made several studies, but it has not yet worked out a complete blueprint. Nevertheless, we have a preliminary plan for generating foreign exchange and utilizing foreign capital. This year Liaoning should generate \$1.7 billion of foreign exchange, compared with \$1.5 billion last year. This amount should be further raised to \$2.4 billion in 1990 and \$5.5 billion in 1995. In 2000, we plan to bring it to a level of between \$8 billion and \$10 billion. This means an average annual growth rate of 12.5

percent. For Liaodong Peninsula, the annual growth rate will be 15 percent, and the volume of export will account for over 15 percent of the gross value of industrial and agricultural production. As for the utilization of foreign capital, the targets set for the Seventh and Eighth 5-Year Plans are \$3 billion and \$4 billion respectively.

**Three Salient Features of Liaoning's Economy [subhead]**

Li Changchun said: Liaoning's economy differs from that of Guangdong and Shanghai. It has its own salient features:

First, it has abundant natural resources. Industrial resources include rich deposits of coal, iron, boron, jade, granite, limestone, phosphorus, and magnesium. There are certain amounts of oil and gas reserves. With its mountains, rivers and sea coasts, Liaoning is rich in fruit, aquatic, and agricultural resources. These favorable conditions are not all available in other coastal provinces and municipalities.

Second, there are a number of big and medium-sized enterprises. Our country has 5,000 big and medium-sized enterprises, and close to 800 are located in Liaoning. Of these, more than 600 are on the Liaodong Peninsula, accounting for 63.5 percent of the total output value of industrial enterprises in the province. As for taxes paid and profits turned over to the state, these enterprises account for 84.6 percent of the total contributions made by industrial enterprises provincewide. They are the cornerstones and pillars of Liaoning's economy.

Third, there is a sound heavy industry foundation. Most of the nearly 800 big and medium-sized enterprises in the province are engaged in heavy industries, such as iron and steel, coal, petroleum, chemical, machine-building, and building-materials industries.

He said: To develop Liaoning's export-oriented economy, it is imperative to fully consider these three salient features and exploit them to the full. In particular, attention should be paid to the advantage of having a large number of big and medium-sized enterprises. They are a main force in developing the export-oriented economy, and we place our hopes on them.

**Strive To Grasp Four Combinations [subhead]**

"How will you bring Liaoning's favorable conditions into full play in developing the export-oriented economy," I asked. Li Changchun said that it is essential to do well in grasping the following four combinations:

First, efforts to give play to the role of village and town enterprises as reinforcements should be combined with efforts to give play to the main-force role of big and medium-sized enterprises. Despite their relatively small scale, village and town enterprises have the advantage of

flexible operations and low labor costs. They are reinforcements in developing the export-oriented economy and should not be ignored. Big and medium-sized enterprises, which have a strong economic strength and operate on a big scale and at a relatively high technological level, are the main force in promoting export to earn foreign exchange. A combination of these two big forces will produce brilliant results.

Second, we should combine the policy of "putting both ends of the production process [the supply of raw materials and the marketing of products] on the world market" and that of "putting only one end of the production process [the marketing of products] on the world market." The first policy was formulated on the basis of the reality in such coastal areas as Changjiang Sanjiaozhou and Zhujiang Sanjiaozhou, which have a developed commodity economy but lack natural resources. In Liaoning, the commodity economy is not so well developed as in the above areas, but there are more abundant natural resources. Because of this, while implementing the policy of "putting both ends of the production process on the world market" in some cases, we should do well by "putting only one end of the production process on the world market" in other cases. In the latter case, we should take full advantage of our natural resources to develop intensive processing in an effort to increase our foreign exchange earnings.

Third, we should combine the promotion of export to earn foreign exchange with the development of substitutes for imported products. Many heavy industry enterprises on Liaodong Peninsula shoulder the task of supplying basic raw materials and providing major technical equipment to other parts of our country and cannot earn much foreign exchange through export. How should we deal with this? We should let them take note what products our country must import from abroad and try to develop substitutes for imported products by improving the quality of their own products and raising their technological capability. Reducing imports, in a sense, is tantamount to boosting exports. For this reason, we should view the development of substitutes for imported products as an integral part of the development of the export-oriented economy. We should regard achievements in this respect as important as earning foreign exchange through export so as to arouse the initiative of heavy industrial plants.

Fourth, we should combine the development of labor-intensive industries with the development of technology-intensive industries. To take advantage of the large numbers of big and medium-sized enterprises and heavy industry enterprises in Liaoning, we should, simultaneously with exporting labor-intensive products, go all out to develop the export of products of such industries as the machinery, petrochemical processing, and ship-building industries, which rely heavily on technology.

Li Changchun told me: The purpose of the four combinations is to place emphasis on the backbone role of big and medium-sized enterprises while letting village and

town enterprises play a positive role in earning foreign exchange through export. In this regard, we have adopted some policy measures, of which the following are the two most important.

#### Implementation of the "One Plant, Two Systems" Measure [subhead]

One of the measures is to grant big and medium-sized enterprises the power to engage in direct foreign trade. An enterprise is allowed to have two signboards — one is the signboard showing it is a production unit; the other is the signboard of being an import and export company. Thus, products turned out can be exported by the enterprise, and the materials it requires for production can also be imported by itself. Import and export business is no longer done solely by foreign trade units, but is carried out by industrial enterprises as well as foreign trade units. This measure has yielded very remarkable results. For example, the annual foreign exchange earnings of the Shenyang No 3 Machine Tools Plant amounted to only several hundred thousand U.S. dollars in the past. Now, it can earn \$6 million a year. Presently, the number of this kind of enterprises has reached 204 in our province.

The other measure is to carry out two systems in a plant. This may also be described as having one plant but two patterns. We hope that every big and medium-sized enterprise will run a Sino-foreign joint venture as a sub-plant or, in other words, establish a small "special zone" within its plant. Of course, this involves great difficulties. Now, only some two dozen enterprises in Liaoning have done so. There are, however, many advantages in doing so: The transformation of old enterprises will become part of international economic cooperation. The improvement of the enterprise's overall management and the adjustment of its export product makeup will both be accelerated. And the quality of its products put on the domestic market will also be upgraded.

#### Shanghai-Liaoning Cooperation [subhead]

Finally, I asked Governor Li to comment on the prospects of cooperation between Shanghai and Liaoning in developing the export-oriented economy. Governor Li said: Economically, Shanghai and Liaoning have things in common. Both are major industrial bases of our country. Both have long been restricted by the planned economy pattern. Now that the central authorities have made policies for us, we can work hand in hand, learn from each other to make up our deficiencies, and contribute to the development of our country's export-oriented economy.

#### Northwest Region

**Party Secretary Visits Gansu Construction Site**  
HK2005125988 Lanzhou Gansu Provincial  
Service in Mandarin 2300 GMT 16 May 88

[Excerpt] According to a report filed by our station reporter (Jiao Qing) and Central People's Broadcasting Station reporter (Li Yuzhen), as the (Jingtaichuan)

power irrigation project has entered a critical stage, a group of principal responsible comrades from the Departments of Planning, Finance, Banking, Power, and Materials and Equipment led by provincial party committee Secretary Li Ziqi and Governor Jia Zhijie visited the project's construction site to handle official business. They spent half a day solving the project's problems in winning much-needed funds, materials and equipment, as well as power supply.

On the morning of 15 May, the group crossed over mountain after mountain to make an on-the-spot inspection of the project's major construction site. [passage omitted]

**Mosques, Churches Rebuilt in Ningxia Region**  
OW2105081988 Beijing XINHUA in English  
1554 GMT 20 May 88

[Text] Yinchuan, May 20 (XINHUA) — Hundreds of mosques and churches have been rebuilt or repaired in northwest China's Ningxia Hui Autonomous Region since religious activities were restored and protected in 1978.

About one-third of the 4.35 million people living in the region are Moslems, yet from 1966 to 1976 more than 1,800 mosques were pulled down or occupied, victims of the Cultural Revolution.

Through funds from the regional government and other money raised by the Moslem community, more than 2,100 mosques are now in service, 300 more than in 1965.

There are now 2,000 Imams in the region.

The chairman of the regional Islamic Association said: "The Moslems have ease of mind with the implementation of the party's policy on religion affairs.

"Their religious activities have been invigorated."

Attendance at mosques over this year's festivals has never been higher, he said.

**Zhang Boxing Attends Shaanxi CPPCC Session**  
HK2005130188 Xian Shaanxi Provincial Service  
in Mandarin 2330 GMT 16 May 88

[Excerpts] The First Session of the Sixth Shaanxi Provincial CPPCC Committee was solemnly opened yesterday [16 May] in Xian. [passage omitted]

The opening session was presided over by Zhou Yaguang, executive chairman of the Presidium of the first session. [passage omitted]

Seated in the front row on the rostrum were Zhang Boxing, Hou Zongbin, Dong Jichang, Mou Lingsheng, Zhang Ze, Chang Lifu, (Li Jianren), and Tan Weixu. [passage omitted]

Zhang Boxing, secretary of the Shaanxi Provincial CPC Committee, addressed yesterday's session. [passage omitted]

During yesterday's session, on behalf of the Standing Committee of the fifth provincial CPPCC Committee, Liu Gangmin delivered a work report, entitled "Strengthen Political Consultation and Democratic Supervision, and Make New Contributions To Speeding Up the Socialist Modernization Program of Our Province." [passage omitted]



**Demonstrators Clash With Police in Taiwan**  
*OW2105152688 Beijing XINHUA in English*  
*1451 GMT 21 May 88*

[Text] Hong Kong, May 21 (XINHUA)—At least 80 people were injured Friday afternoon when police clashed with demonstrators marching toward the "Legislative Yuan" in Taipei in support of farmers' grievances, according to news reports from Taiwan.

Witnesses said that about 30 demonstrators including the chief organizers were arrested.

The demonstration, which was organized by a group in Yunlin County, [words indistinct] approved by the police. Most of those who took part came from Yunlin and nearby Counties of Pingdong, Zhanghua, Taidong, Yilan and Gaoxiong, the papers said.

Farmers complaints center on an influx of cheaper American farming products that they say is harming their interests. They want the Taiwan authorities to increase their spending on farm insurance.

The demonstrators, led by four vehicles, arrived at the "legislative yuan" at 2 pm and began to hurl stones at the police and at the gate of the legislative building.

Two of the rock-throwers were quickly arrested, local sources said.

The demonstrators demanded the pair's release and rushed the gate only to be driven back.

Demonstrators then smashed a signboard, broke glasses on the gate and windows and beat up several reporters whom they accused of spying for the authorities, [word indistinct] said.

A local newspaper estimated that at least 80 people including police, demonstrators, journalists and bystanders were injured during the clash.

The demonstrators marched to the Kuomintang's Central Committee Office, the railway station, the "Ministry of Education" and a local police station where they clashed again with police and nabbed two officers.

The police then took much stronger action and arrested more than 30 demonstrators and broke up the crowd, sources said.

**Increasing Sentiment To Punish Hijackers**  
*OW2105011888 Beijing XINHUA in English*  
*0054 GMT 21 May 88*

[Text] Beijing, May 20 (XINHUA)—A movement is growing in Taiwan to urge the authorities to punish two hijackers of a Chinese airliner according to international law.

Newspapers, "legislators" and legal experts have joined in a chorus calling on the authorities to deal with the hijackers strictly.

The two hijackers commandeered a Xiamen Aviation Company jet to Taiwan on May 12.

According to a Taipei report, a local public procurator, Liu Jingyi, said the case would follow precedent and that the hijackers would be treated "leniently" according to law.

However, the Taiwan-based CHINA TIMES and INDEPENDENCE EVENING POST both urged the "executive yuan" to punish the pair.

A "legislator" Lin Yuxiang said the hijacking threatens the safety of air travel and leniency would only serve to encourage others to follow suit.

Another "legislator" Fei Xiping said the hijacking should not be excused for its "political motivation".

The Taiwan-based UNITED DAILY NEWS reported some Taiwan legal experts as saying the hijackers broke international laws as well as laws of Taiwan and should be punished accordingly.

But some Taiwan newspapers reported opinions in defence of the hijackers.

Some said they should be punished according to the law but their "motivation" to hijack the plane should be "respected and guaranteed."

Others noted that since they caused no harm to the passengers they should not be punished too severely.

**Crew, Passengers Urge Punishment**  
*HK2205083388 Beijing RENMIN RIBAO in Chinese*  
*22 May 88 p 4*

[Report by XINHUA reporter Wang Weizhong (3769 3555 0022): "The Crew and Some Passengers on Board Plane No 2510 Demand Strongly That the Taiwan Authorities Punish the Plane Hijackers Severely"]

[Text] Xiamen, 21 May (XINHUA)—During an interview with XINHUA, the crew and some passengers who had been on board plane No 2510 condemned sky hijackers Zhang Qingguo and Long Guiyun for their criminal act. They demanded strongly that the Taiwan authorities return the two hijackers to Mainland China or punish them severely.

Among the interviewees were crew commander Yang Yongling, pilot Wu Yulin, flight engineer Wu Hongqing, and passenger Zhang Yimin. They told this reporter that the two ruffians, Zhang Qingguo and Long Guiyun, started the hijacking 10 minutes after plane No 2510 took off from Xiamen International Airport. Holding weapons in their hands, they shouted: "Don't move or

we will blow up the plane." They pushed two stewardesses into a service area and tied them up with a door curtain. Then they broke into the cockpit and locked the door behind them. They brandished weapons and showed off explosives wrapped around their waists, shouting: "Don't play any tricks with us. Fly to Taiwan's Kaohsiung at 140 degrees!" Defying a dagger held to his neck by a hijacker, pilot Wu Yulin tried to radio what was happening to Guangzhou headquarters. When the two hijackers discovered what Wu was doing, they furiously grabbed the earphones from all the crew members, cutting off contact with ground communications. Then they covered the heads of Wu Yulin and flight radio operator Wu Zhongliang with two plastic bags that they had brought with them. In the face of the hijackers' threats, Yang Yongling and the other crew members remained calm, piloting the plane to circle somewhere between Guangzhou and Hong Kong and looking for an opportunity to land. But since the hijackers had a sketched route map prepared in advance and were aware of the flight time, they threatened to blow up the plane when they found that the time was not correct. With daggers in their hands, the pair forced the pilot to alter course. They pulled a lever to increase the plane's speed to maximum. If the lever had been pulled further, the plane would have disintegrated. The plane tossed about and some passengers became sick. At this moment, with the cooperation of mechanic Tao Dianzhi, crew member Wu Hongqing tried many times to open the cockpit door. When Wu Hongqing entered the cockpit, the hijackers once again threatened that they would kill the hostages. With fuel running out and in a critical situation, the crew decided to fly to Taiwan for the safety of the plane and the passengers.

After explaining the incident to this reporter, some of the crewmen and passengers of plane No 2510 said that the premeditated and violent hijacking of the airplane directly violated international law on the safety of civil aviation. The Taiwan authorities should either hand over the two hijackers to the mainland or punish them severely according to international civil aviation regulations.

**Newspaper on Mainlanders Who 'Seek Freedom'**  
HK2305094588 Beijing ZHONGXUO XINWEN SHE  
in Chinese 1432 GMT 17 May 88

[Report: "Taiwan Newspaper Wants Policy of Encouraging Mainlanders To 'Seek Freedom' Abandoned"]

[Text] Hong Kong, 17 May (ZHONGGUO XINWEN SHE)—News from Taipei: Today's TAIWAN SHI BAO [TAIWAN TIMES] editorial calls on the Taiwan authorities to abandon the policy of encouraging mainlanders to "seek freedom."

The editorial pointed out that in handling the hijacking of a PRC passenger plane to Taiwan, the "government" has made a solemn and definite distinction between "freedom seeking" and "hijacking." This is a very significant move.

The editorial said that since the political tussle between the KMT [Kuomintang] and the CPC emerged, both parties have continuously used various methods to encourage officials from the other party to leave their party, and both parties welcome people who have betrayed their party. In particular, when the KMT military government moved to Taiwan, the late "President" Chiang Kai-shek personally initiated the call encouraging CPC personnel to cross over to the KMT. Methods were taken to encourage these activities, most outstanding being that enormous sums of gold and money are used to attract these people.

The editorial also said that the reason the old "president" adopted this practice at that time perhaps was due to the fact that he was constrained by some of the bad historical practices in China's political culture; or due to the necessity to enhance the morale of the Army and civilians in Taiwan at that time; or he regarded this call as a means to obtain military aircraft development secrets from the CPC. Whatever the motives of the old "president," we have to point out that such a method is the most disgusting distortion of human nature—large sums of money are used to encourage people to betray their government and to change their political beliefs, to induce them to leave their native place, their family and children, and to steal military planes to fly to Taiwan. Frankly speaking, we have consistently felt that using such a means to conduct political struggle incurs moral turbulence and encourages inappropriate personality traits.

The editorial said: The Army and civilians in Taiwan have gradually become dissatisfied with this trend whereby large sums of money are used to attract mainlanders to cross over to Taiwan. Even though so-called "anti-communist chivalrous persons" are very rare, how can the government use such high amounts of the people's money to feed just one or two chivalrous persons. At the same time, how can those chivalrous persons have the legal and justified right to exclusively enjoy the high sums of money contributed by the flesh and blood of the people?

The use of gold to encourage mainlanders to cross over to Taiwan will obstruct the mainland policy that is being developed, and the current readjustment of the relationship between Taiwan and the mainland, the editorial also said. It was an inevitable trend that as time passes, the number of people travelling between the two sides of the Taiwan Strait and the degree of the exchanges between the people on both sides will increase and deepen. Moreover, the move to cause the two administrations on either side of the Strait to lessen their hostility toward each other and to soften their antagonistic attitudes, is one that will benefit both sides.

The editorial calls on the Taiwan authorities to reevaluate, abandon, or re-formulate the previous old methods such as: "Shouting propaganda at bandit troops;" "calling on the bandit troops to surrender;" and, in particular, "offering huge rewards to encourage personnel from the three branches of the bandit army to



surrender," which uses gold to induce people to make political recantation, so that preposterous wartime thinking can be exterminated.

The editorial hopes that the previous practice encouraging mainlanders to "seek freedom" will be abandoned!

**Court Sentences Businessmen Who Visited Mainland**  
*OW2005100288 Beijing XINHUA Domestic Service*  
*in Chinese 0827 GMT 19 May 88*

[Text] Hong Kong, 19 May (XINHUA)—According to a Taipei dispatch, Taiwan's "High Court" on 17 May sentenced two Taiwan businessmen who had visited the mainland for business purposes to 5 years in prison. Their properties, with the exception of funds to cover basic living expenses for their dependents, were all confiscated.

Guo Shugui and Lin Guanmin, both Taiwan businessmen, were convicted by Taiwan's "High Court" on charges of so-called "providing monies and properties to rebels." The court verdict said: Guo Shugui and Lin Guanmin visited the mainland in 1986 to sign a contract for eel fry trade with a rural enterprise in Shaanxi Province, and paid US\$3,000 as guarantee money. They also signed "letters of intent" on raising funds for setting up two factories with several trading companies and factories in Shaanxi. Their plans did not materialize because they were tracked down by the Taiwan authorities. The court verdict said the ruling was based on the so-called "Regulations on Punishment for Rebels."

The sentencing of Guo Shugui and Lin Guanmin has aroused serious concern among business circles in Taiwan. Some businessmen said that the authorities' aim was "to frighten the monkey by killing the chicken," and that the act was an "emergency brake" on the "mainland fever" among business circles in Taiwan. Some businessmen dealing in entrepot trade pointed out that the court ruling demonstrated the contradictions between Taiwan's current laws and policies, and has put business circles at a loss and in a position of being easy to blame.

Some scholars in Taiwan also questioned the verdict. Bian Yuyuan, an international trade professor of Taiwan University, said: Trade is beneficial to both sides. This case should be linked to the authorities' entire trade policy. The authorities should lift the restrictions on trade between the two sides if they are unable to stop it. Otherwise they will lose their credibility.

Wang Zhiwen, a law professor of the Taiwan Cultural University, also pointed out: No written law currently in force in Taiwan bans direct trade with mainland compatriots, nor is there any regulation on punishment for this. The "Regulations on Punishment for Rebels" actually does not apply to trade activities with mainland compatriots, because it is questionable that the people on the mainland are "rebels."

**Taiwan Will Participate in Seoul Olympic Games**  
*HK1805135988 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 1300 GMT 15 May 88*

[Text] Hong Kong 15 May (ZHONGGUO XINWEN SHE)—Taipei sources say: The press here has reported that yesterday [14 May] the Taipei Olympic Games Committee officially applied to the Seoul Olympic Games Preparatory Committee to participate in the 24th Summer Olympic Games to be held in Seoul in 1988.

According to the report, Taipei has applied for 16 Olympic sports, namely: Archery, athletics, boxing, cycling, fencing, gymnastics, men and women's judo, modern pentathlon, shooting, swimming, weightlifting, wrestling, baseball, taekwondo, and pool.

The delegation will number 143. Of these, 91 are athletes and 52 are coaches and staff.

**President Interviewed on Unification Issues**  
*HK2305134488 Hong Kong ZHONGGUO TONGXUN SHE*  
*in Chinese 1058 GMT 21 May 88*

[Text] Taipei, 21 May (ZHONGGUO TONGXUN SHE)—Taiwan "President" Li Teng-hui said that unification is the common aspiration of the Chinese on both sides of the Taiwan strait. He further stressed that the people should be allowed to experience the two different systems through long-term peaceful competition so that they can choose one of them suitable to the Chinese people.

Li Teng-hui made these remarks at an exclusive interview with (Newhurst), a visiting U.S. journalist, on 12 May. While discussing the future development of relations between the two sides of the strait, Li Teng-hui urged the CPC to give up its armed threat, the "four cardinal principles," and the "one country, two systems" offer. Otherwise, he said, it will be impossible to effect any improvement in the relations between the two sides of the strait.

**PRC Academician Invited to Academic Meeting**  
*HK2305110288 Hong Kong ZHONGGUO TONGXUN SHE*  
*in Chinese 0923 GMT 18 May 88*

[Report: "Taiwan Invites Liu Zaifu to an Academic Meeting in Hsinchu"]

[Text] Hong Kong, 18 May (ZHONGGUO TONGXUN SHE)—Liu Zaifu, Director of the Literature Research Institute of the Chinese Academy of Social Sciences, recently revealed that the Hsinti Literature Foundation of Taiwan and the Chinese Department of Taiwan's Chinghua University jointly issued an official invitation to him, and invited him to participate in the "International Academic Symposium on Contemporary Chinese Literature" which will be held in Hsinchu City of Taiwan on 25 and 26 June. Liu Zaifu said that due to China's reform and opening up, many Taiwan scholars and writers have come to the mainland to conduct cultural



exchanges in various forms and to make on-the-spot inspections on the mainland. So he also hoped to have an opportunity to go to Taiwan to meet his counterparts there, to get some knowledge about the social conditions in Taiwan, and to conduct academic exchanges. Therefore, he is willing to participate in this academic symposium in Taiwan.

Liu Zaifu revealed this when he met with a visiting delegation of the Chinese newspapermen of the Philippines.

He told the visitors that even if he cannot make this trip to Taiwan, he will still submit a thesis to the symposium. He believed that he will be able to go to Taiwan to conduct academic exchanges in the near future. He is willing to make contributions to the cultural exchanges between the two sides of the Taiwan Strait.

**Taiwan To Allow Import of More Mainland Goods**  
OW1405170988 Beijing XINHUA Domestic Service  
in Chinese 1327 GMT 12 May 88

[Text] Hong Kong, 12 May (XINHUA)—Taiwan newspapers reported that after several industrial associations consecutively called for allowing the import of agricultural and industrial raw materials from the mainland, Taiwan authorities recently decided to allow the import of 15 more kinds of raw materials from the mainland and worked out three "principles of noninvestigation" concerning indirect trade between Taiwan and the mainland.

In the past, Taiwan authorities had already allowed the import of 30 kinds of mainland goods, including farming seeds, animal hides, feathers and down, mineral earth [kuang tu 4349 0960], and Chinese medicine. Goods now allowed to be imported into Taiwan are: coal, tin ingots, granite, cotton, oak wood, aluminum ingots, electrolytic copper, natural rubber, pig iron, steel plates, steel billets, kaolin, leather and hide (including salted cow hide, pigskin, salted hide), dried dates, and raw fur. Taiwan's "Ministry of Economic Affairs" indicated that this list was drawn up based on suggestions from the various industrial associations and could be expected to be approved and promulgated by the "Executive Yuan" soon.

Taiwan's "Ministry of Economic Affairs" also formulated "three principles of non-investigation" with regard to indirect trade between Taiwan trading companies and factories and the mainland, including "(1) When Taiwan factories and trading companies conduct indirect trade via a third country, the government cannot do anything about it and therefore will not investigate; (2) Commercial contact restricted to trade will not be investigated; (3) Factories and trade companies importing from abroad machinery containing China-made semifinished products will not be investigated."

It is reported that from now on Taiwan authorities will rely on four criteria "of no security concern, of agricultural and industrial raw materials, of no effect to Taiwan's industries, and of help to upgrade Taiwan's industries" to decide whether to allow indirect import of mainland goods. The "Board of Foreign Trade" will be authorized to handle import documentation for agricultural and industrial raw materials allowed to be imported from the mainland. No certificate of origin is required. Factories and trading companies, however, must make a notation of "imported from mainland" on the import permit.

**Indirect Trade Shows Big 1st Quarter Increase**  
OW2105151088 Beijing XINHUA in English  
1029 GMT 21 May 88

[Text] Hong Kong, May 21 (XINHUA)—Chinese mainland-Taiwan indirect trade via Hong Kong amounted to 3,830 million Hong Kong dollars (491 million U.S. dollars) in the first quarter of this year, about 65 percent more than in the same period of last year, according to the latest government statistics.

Taiwan's exports to the mainland in the first quarter reached 3,021 million Hong Kong dollars in the first three months, representing a 65.5 Percent increase.

The mainland's exports to Taiwan in the first three months valued 808 million Hong Kong dollars, showing a 62.2 percent increase.

Local trade experts said that the indirect trade between the mainland and Taiwan via Hong Kong jumped 59 percent to 11.8 billion Hong Kong dollars (1.51 billion U.S. dollars) in 1987. There will be another substantial increase this year.

**Magazine Criticizes Investment Climate**  
OW2105081488 Beijing in Mandarin to Taiwan  
0400 GMT 14 May 88

[Text] Only one-third of the large manufacturers and service trades in Taiwan are willing to continue investing there. The responsible persons of 10 percent of Taiwan enterprises plan to emigrate. They believe that Taiwan is no longer the most ideal place for investment.

After interviewing the responsible persons of 1,000 large manufacturers and 300 large service trade companies, the latest issue of TIANXIA magazine revealed that Taiwan entrepreneurs have lost their confidence. Mainly they are dissatisfied with the methods adopted by the government in keeping up with the changes. Politically, they are not afraid of China's Armed Forces, international isolation or the interference of government affairs by the military. They are worried about the government's inability to implement its policies and the disorder on the island. About 32 percent of the entrepreneurs who plan to leave Taiwan are willing to make investments on the mainland.

(Hou Zhonggang), chairman of the board of directors of (Taixiu) Shoe Manufacturer held: Wages now account for 30 percent of production costs in Taiwan's shoe manufacturing factories, which have been hard hit by the appreciation of the NT [New Taiwan] dollar. The number of companies on the mainland is only 10 percent of that in Taiwan. This factor alone is quite attractive to the shoe-manufacturers in Taiwan wishing to invest in the mainland.

**Fujian To Open 3 Islands for Taiwan Trade**  
OW2005122288 Beijing XINHUA in English  
1137 GMT 20 May 88

[Text] Fuzhou, May 20 (XINHUA)—South China's coastal Fujian Province has decided to open three islands facing Taiwan to attract more business and visitors from Taiwan, Hong Kong and Macao and other countries.

The three islands are Meizhou, Pingtan and Dongshan.

The provincial leaders Chen Guangyi, the party secretary, and Wang Zhaoguo, the governor, have been to Meizhou to help local leaders plan for the opening, a provincial official said.

A reception center, a hotel and other buildings especially for people from Taiwan will be built on the island which faces Xinzhu City in north Taiwan, the official said.

In addition a joint venture between local and Taiwan businessmen will also be set up.

Pingtan, 73 nautical miles from Xinzhu, has been frequented by Taiwan fishermen for years.

Fishermen from both sides of the straits have fished side by side and traded harmoniously.

The official said last year more than 180 trading boats anchored at the island. Transactions totalled 230,000 U.S. dollars.

The same number of boats have anchored there in just the first four months this year, he said.

The island government will offer out-of-town business people, especially those from Taiwan, roomy trading facilities and has invited mainland traders with initiative to participate in the local market, too, he said.

It has also bought three boats to carry out trade at sea with Taiwan businessmen who are not willing to stop in.

A dock capable of handling ships up to 5,000-tons is also planned for the island, he said.

The third island, Dongshan, administered by Longxi Prefecture, has set aside a 51-hectare area for Taiwan-oriented industry.

"The local leaders promised to give more preferential treatment to Taiwan businessmen and foreign investors," the official said.

**Kuomintang Said To Reshuffle Central Committee**  
HK1905052188 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 1120 GMT 16 May 88

[Text] Hong Kong, 16 May (ZHONGGUO TONGXUN SHE)—News from Taipei: Li Huan, secretary general of the KMT [Kuomintang] Central Committee, disclosed during an interview with Taiwan reporters some days ago that there will be a considerable change in the Standing Committee of the KMT Central Committee. If it is necessary for him to renew his term of office once he resigns as secretary general, as procedure requires, he will have no objection.

CHUNG-KUO SHIH-PAO today published the main points of Li Huan's remarks. When talking about the reelection of the 13th KMT Central Committee, Li Huan said: "The future central committee should reflect social reality. It is necessary to increase the number of Central Committee members so that the committee represents more people. It is also necessary that KMT members and the masses in various fields and of various social strata have their representatives in the central committee."

Referring to the reshuffle of the Standing Committee of the KMT Central Committee, Li Huan said: "In my opinion, like the Central Committee, the Standing Committee of the Central Committee should also reflect social reality and should be a representative organ. Now it has 31 members. It is unlikely this number will be reduced, but it will not be increased either." He pointed out: "Now, many senior members of the Standing Committee have declared that they wish to resign and hope that some new and young members will be promoted. It is expected that there will be a considerable reshuffle in the Standing Committee this time."

When asked whether the question concerning which provinces the members come from would be taken into consideration during the reelection, since most of the senior members who have expressed the intention of resigning are from the mainland and most young and middle-aged members are from Taiwan Province, Li Huan replied that it is not time for us to emphasize this question now. As the question of where the members are from is becoming less and less important in the natural course of evolution, it should not be taken into consideration when making political arrangements.

Li Huan predicted that Li Teng-hui may be elected chairman of the KMT at the 13th national congress. He held that according to relevant procedure, he should resign his post as secretary general when the new chairman is elected. This is a common practice.

**Farmers' Demonstration Turns Into 'Riot'**

**Over 100 Injured**

**OW2105032088 Taipei CNA in English 0250 GMT  
21 May 88**

[Text] Taipei, May 21 (CNA) — A farmers demonstration in Taipei Friday turned into Taiwan's worst riot since the 1979 rioting in Kaohsiung, with more than 100 policemen and rioters injured, 31 rioters arrested, one policeman taken hostage by the mob and many reporters covering the scene attacked.

Wang Hua-chen, director chief of the Taipei police, said that police found a truckload of rocks among the protesters. He said it showed that the violence was pre-planned and police would try to bring to justice those who were behind the scheme.

Some 2,000 to 3,000 farmers from down-island converged at the Sun Yat-sen Memorial Hall Friday noon to begin what was supposed to be a peaceful demonstration to press for their demands that the government stop importing agricultural goods, introduce insurance for farmers and assure higher prices for farm produce.

The demonstration turned ugly at 2:30 p.m. when the farmers marched to the Legislative Yuan. Some of them asked to enter the building saying they wanted to use the restroom. When riot police tried to stop them, the demonstrators attacked with sticks and stones.

The riot police tried to disperse the mob with water cannons, but without success. The demonstrators smashed every window at the front of the building and pulled down the Legislative Yuan's signboard.

In the melee, Huang Chao-hsun, a reporter of the CENTRAL NEWS AGENCY, and a policeman were seized by the mob and taken to the demonstrators' loudspeaker van as hostages. Huang, who was released after about one hour, said that he was manhandled by his captors. The policeman was freed a few hours later for medical treatment at the Mackay Memorial Hospital.

Besides the CNA's Huang, nine other reporters were attacked by the mob. One reporter from the Chinese Television Service was severely injured when a rock hit his head. His TV camera was also smashed.

Thirty-two police officers were hurt in the rioting, including the head of the criminal department of the Taipei police bureau.

Six of the rioters seized earlier were questioned by the police shortly after 7 p.m. Police said only one of them was a bona-fide farmer. Among the five others, they said, one wore the emblem of the opposition "Democratic Progressive Party."

Traffic in the downtown area was held up for about seven hours, until about 9 p.m.

**AFP Report**

**HK2005121088 Hong Kong AFP in English  
1141 GMT 20 May 88**

[Text] Taipei, May 20 (AFP)—Riot police used water cannons to disperse thousands of demonstrators here Friday as a farmers' protest against government policy ended in violence, witnesses said.

About 40 people were injured as the protestors, mostly farmers, attacked about 600 riot police with stones and bats and tried to break into the heavily-guarded parliament building.

The injured included some 10 policemen and seven reporters including two television crews, witnesses said. Ten people were arrested including members of the opposition Democratic Progressive Party (DPP).

The clashes came at the end of a march calling for the ruling Kuomintang (KMT) to revamp its agricultural policy and save Taiwan's 700,000 farmers from bankruptcy, witnesses said.

The farmers, who had come from all corners of the island, pelted onlookers with vegetables as they marched through the main streets of the capital to the parliament, sending traffic into chaos.

The march was led by about 100 women wearing farm clothes and extended more than half a kilometer (a quarter of a mile).

"The farmers have had no choice but to take to the streets as Taiwan's agricultural economy is on the verge of bankruptcy," shouted Shaw Yu-cheng, a key member of the DPP who helped organize the march.

Ms Shaw told protestors the demonstration was aimed at the KMT, which she said was responsible for the failure of the country's farm industry.

Her attack on the ruling party fueled strong anti-KMT sentiment among the demonstrators who shouted "Down with Secretary-General Li Huan," "Down with President Li Teng-hui," and "Down with the KMT".

"President Li has a Ph.D. in agricultural economics, but where are our agricultural policies heading?" Ms Shaw asked the crowd.

March organizer Lin Kuo-hua told reporters the demonstration was to demand a comprehensive farmer-insurance program and improvement of Taiwan's distribution system to eliminate exploitation by middlemen.



Mr Lin said the current farmer-insurance program granted insurance coverage to only one member of a family.

"In Taiwan, farming households usually rely entirely on the income from their farm produce and so the government must provide comprehensive insurance coverage to all members of farm families," Mr Lin said.

He said about two billion Taiwan dollars (70 million U.S.) would be needed to implement a comprehensive insurance program covering the island's 3.5 million farmers and their dependents.

"Government officials said they don't have the money yet, but at the same time they possess the huge sum of 74.8 billion U.S. dollars in foreign exchange reserves," Mr Lin added.

One protestor said he preferred to spill his blood and sweat in the streets of Taipei rather than in the field if the government failed to come out with relief measures for farmers.

#### **GIO Holds News Conference**

**OW2305034288 Taipei CNA in English 0240 GMT**  
**23 May 88**

[Text] Taipei, May 23 (CNA) — President Li Teng-hui has instructed the Executive Yuan to use its full powers in handling the May 20 incident in Taipei, said Shaw Yu-ming, director-general of the Government Information Office [GIO], Sunday.

President Li expressed deep sorrow after learning of the incident and issued his directives immediately. Shaw said while officiating at a news conference held by the GIO on the incident which developed out of a farmers demonstration.

In the conference, Taipei District Court Chief Prosecutor Liu Ching-yi and Director of the Taipei City Police Headquarters Liao Chao-hsiang reported on their handling of the incident.

More than 70 local and foreign reporters attended the conference. Wang Chao-ming, vice chairman of the Council for Economic Planning and Development, and Koh Chin-chao, vice chairman of the Council of Agriculture, were also present to answer questions on agricultural policies.

Shaw said the incident has provoked serious concern among the people. Premier Yu Kuo-hua swiftly directed the Interior Ministry and the Justice Ministry on the evening of May 20 to handle the incident according to the law in order to maintain the rule of law and to protect social order, he said.

The news conference was held to help all of the people in the Republic of China to understand how the demonstration unfortunately turned into a riot in which rioters threw stones, burned police cars and destroyed public service facilities in downtown Taipei.

In his capacity as government spokesman, Shaw paid particular tribute to farmers for their contributions towards national development during the past four decades. The government will continue to do its best to resolve agricultural problems as agriculture is the foundation of national progress, he stressed.

Farmers and mobsters are not the same, and demonstrations differ from riots, Shaw said. In a free democratic nation, an absence of law means an absence of democracy; a lack of social peace means a lack of development, he said. He called on the people to unite more closely to create a better tomorrow.

During the riot, at least 20 reporters were attacked by the mob and a CENTRAL NEWS AGENCY reporter was held hostage in a car for more than an hour, he said, adding that the number of reporters injured was the highest ever reported in riots in the Taiwan area.

Police Director Liao said in his report that more than 380 policemen were injured with six still confined in hospitals for further treatment of their injuries.

Among the 128 rioters detained at police stations, only 5 were found to be bonafide farmers. Of the 96 detained at the Taipei district court, 29 had criminal records for damaging, stealing, and causing public hazards, Liao said.

Chief Prosecutor Liu said the court will severely punish those who are found to have violated the law intentionally. The punishment for farmers and students will be light if they committed mistakes just because they occasionally lost their self-control he said.

More than 10 prosecutors have been designated to conduct the investigation of the incident. They will handle the case fairly and objectively in the shortest possible time, the prosecutor assured the public.

#### **Legislators Urge Punishment**

**OW2105033488 Taipei CNA in English 0257 GMT**  
**21 May 88**

[Text] Taipei, May 21 (CNA) — The Republic of China [ROC] Legislative Yuan Friday passed an urgent resolution asking the government to strictly punish those who "intentionally stirred up violence under the pretext of a farmers' demonstration."

Meanwhile, the Government Information Office, the ROC Journalist Society and the ROC Television Society issued statements respectively in the evening condemning the violent acts and asking for the protection of reporters' safety.

Raymond Tai, director of the Kuomintang's Department of Cultural Affairs; and Huang Tien-tsai, president of the CENTRAL NEWS AGENCY, also issued similar statements asking law enforcement units to quickly bring the mobsters to justice.

The Taipei district prosecutor's office has formed an ad hoc group to investigate Friday's violent protest.

The Taiwan provincial assembly also decided to invite Yu Yu-hsien, director of the provincial Department of Agriculture and Forestry, to report on the protest and field questions by assembly members.

President Li Teng-hui, after learning the news, instructed the cabinet to exercise full power in dealing with the incident.

Commenting on the protest, Premier Yu Kuo-hua said the Interior and Justice Ministries should handle the matter "in accordance with the law."

Both the president and the premier expressed "sorrow" at the incident.

#### **President Orders Probe**

*OW2105160988 Taipei CNA in English 1530 GMT  
21 May 88*

[Text] Taipei, May 21 (CNA) — President Li Teng-hui instructed responsible government agencies Saturday to conduct a thorough and just investigation into the May 20 riot that ravaged Taipei for 20 hours until early Saturday morning.

President Li gave his directive after hearing a briefing Saturday on the incident.

Premier Yu Kuo-hua instructed both the Interior and Justice Ministries Friday night to investigate the incident and to sternly punish those who had apparently planned the violence.

Preliminary investigation showed that most of the leading figures in the farmer's demonstration are not peasants at all.

#### **Interior Minister Regrets Incident**

*OW2105114888 Taipei CNA in English 1039 GMT  
21 May 88*

[Text] Taipei, May 21 (CNA) — Interior Minister Wu Po-hsiung Saturday expressed shock and regret over Friday's violent protests in front of the Legislative Yuan, in which more than 200 people were injured, 100-odd rioters arrested and many reporters covering the scene attacked.

Wu said that the government is determined to strictly punish all those involved in the riots in accordance with the law in order to maintain social order and protect the public's rights.

Wu made his remarks after being briefed by National Police Administration Director Lou Chang on Friday's riots. He asked Lou to convey his concern to police officers who were injured during the incident.

The minister said that he was heartbroken to see rioters attack reporters, journalists, photographers, and police officers. He urged local people to remain calm and rational in order to create a harmonious and secure social environment.

In related news, traffic in downtown Taipei returned to normal early Saturday after the rioters who had encircled the Chengchung Police Bureau near the Taipei railway station Friday evening left the scene.

Police said that more than 90 percent of 100-odd rioters arrested were not bona-fide farmers. As of the press time, 26 of the arrested have been turned over to the Taipei prosecutors office, 20 of whom were detained, four released on bail and two released.

#### **Interior Minister Comments**

*OW2105045788 Taipei International Service  
in English 0200 GMT 20 May 88*

[Text] Interior Minister Wu Poh-hsiung said on Thursday that the government is determined to hold the dignity of the public authorities. To dissipate the number of mass demonstrations and assemblies the government will actively strengthen the mobile police force and necessary outfits. They will also coordinate with judicial, administrative, and educational agencies in imbuing the public with a consensus on rule of the law.

The interior minister made these remarks at the regular weekly meeting of the Constitutional Commission under the national assembly. Wu said: There were a total of 1,800 mass street activities in 1987, incuring the mobilization of more than 270,000 policemen. They not only adversely affected social order and tranquillity, but also hampered investment willingness and economic growth on the island. The minister stressed that the government is determined to protect public authorities but also looks forward to cooperation from the public in dealing with

street demonstrations according to the law. As for the worsening situation in terms of kidnapping of children, the interior minister said that the National Police Administration has been directed to conduct a thorough investigation and come up with viable solutions.

#### **Premier Stresses Rights**

OW2205141488 Taipei CNA in English 1458 GMT  
21 May 88

[Text] Taipei, May 21 (CNA): Premier Yu Kuo-hua said Saturday that the Republic of China Government has been attaching great importance to the protection of the labor rights and interests.

The nation's 5 million laborers have made great contributions to national development, Premier Yu said while receiving a group of labor leaders led by Hsieh Shen-san, chairman of the Chinese Federation of Labor.

As part of its efforts to protect laborers' rights and interests, the government has implemented the labor standards law, established the labor council under Executive Yuan, and worked out guidelines for the current labor policy, Yu pointed out. He urged the nation's labor force to better understand the government's labor policies and measures taken to this effect.

Commenting on the recent street demonstrations staged by some laborers, the premier said those protests cannot solve problems but they will just cause damage to both the nation and society. He called on all workers to be more rational in resolving their disputes with the management.

The labor leaders, however, suggested that the government enact pertinent laws and regulations or revise current ones to streamline labor administration.

They said that the government should help solve labor problems through appropriate channels, such as a labor court, so as to avoid unnecessary labor protests.

#### **Government Urges Trust**

OW2305032088 Taipei CNA in English 0236 GMT  
23 May 88

[Text] Taipei, May 23 (CNA) — The Council of Agriculture of the Republic of China said last Saturday that the government is determined to help the nation's farmers solve their problems and to improve their standards of living.

The council, in a statement issued after a meeting attended by all its members, expressed its regret that last Friday's farmer demonstration has turned violent and has caused damage to the nation and society.

It pointed out that the agricultural sector, by successfully supporting the ROC's industrial development, has contributed greatly to both economic prosperity and social stability.

The government has always given priority to protecting farmers' rights and interests by offering them subsidies or tax reductions, it said.

The council stressed that the government, fully aware of the farmers' problems, is ready to do whatever is possible to help solve their problems.

The council urged the farmers to trust the government and to join in efforts to accelerate agricultural development.

#### **Kuomintang Concerned About Plight of Farmers**

OW2105065088 Taipei CNA in English 0319 GMT  
21 May 88

[Text] Taipei, May 21 (CNA) — The Government of the Republic of China has spent over NT [New Taiwan] dollars 100 billion (U.S. dollars 3.48 billion) to promote agricultural development and to construct rural communities in Taiwan in the last 10 years, the Kuomintang's [KMT] Department of Cultural Affairs recently reported.

An additional NT dollars 20 billion (U.S. dollars 196.86 million) has been spent in the past three years to subsidize the electricity and fuel used by the agriculture and fishery industries, the report added.

All this shows that the ruling KMT has been working for their interests and rights, the report stressed.

Meanwhile, the cabinet has also announced that the farmers health insurance will be formally implemented starting July 1, 1989.

#### **Executive Yuan Restates No Plan for Atomic Bombs**

OW2005111088 Taipei CNA in English 0232 GMT  
20 May 88

[Text] Taipei, May 20 (CNA) — The Republic of China [ROC] has not used its nuclear waste to produce atomic bombs and will never do so, the Executive Yuan said Thursday.

In a written answer to a legislative interpellation by legislator Yu Cheng-hsien, the Executive Yuan said the ROC uses nuclear energy only for peaceful purposes.

The Executive Yuan said according to both the international non-proliferation treaty, to which the ROC is a signatory, and a trilateral agreement among the ROC, the United States and the International Atomic Energy Agency (IAEA), nuclear facilities and materials used by the ROC's nuclear power plants are under IAEA's strict supervision.



Therefore, it stressed, it would be impossible for the ROC to divert its nuclear wastes to the manufacture of atomic bombs.

**Table Tennis Team Invited to China Open**  
*OW1505111888 Tokyo KYODO in English*  
1022 GMT 15 May 88

[Text] Niigata, May 15 KYODO—Taiwan's table tennis team, here for the Asian table tennis championships, Sunday was invited to take part in June's China Open by Chinese sports official Shi Tianshu.

Shi, representing China at the Asian Table Tennis Union meeting held in conjunction with the championships, formally handed the invitation to Chou Lin-cheng and expressed his strong desire for the Taiwanese players to take part.

While China has invited Taiwan to take part in international competitions held under the rules of international and Asian sports federations, it has rarely invited Taiwan to events sponsored solely by Chinese sports organizations, such as the China Open.

Early last week, Secretary General of the Chinese Taipei Olympic Committee Li Ching-hua called for more sports and cultural exchanges with China in an article for a Taipei daily.

Speaking here Saturday, Xu Yinsheng, vice minister of China's State Physical Culture and Sports Commission, welcomed Li's remarks and expressed a desire to have Taiwan take part in the 1990 Beijing Asian Games.

Regarding China's latest call for improved sports relations, Chou said that he would take the invitation back to Taiwan and discuss the matter with the Olympic Committee.

"Our Olympic Committee has a sub-committee to look into the main questions surrounding sports exchanges with the mainland," said Chou, "but, this may be an opportunity to encourage those exchanges."

The China Open will be held in Guangzhou June 11-14.

**Minister Stresses Ban on Mainland Trade**  
*OW2005113988 Taipei Domestic Service*  
in Mandarin 2300 GMT 17 May 88

[Text] Li Ta-hai, minister of economic affairs, said that the Regulations for Punishing Sedition clearly stipulate the criminal responsibility for providing financial support to the bandits. He urged businessmen not to defy the law.

(Hsu Kuo-an), vice minister of economic affairs in charge of investment, also emphatically pointed out that whoever conducts direct trade with the the Chinese Communists or invests in the mainland will be punished according to the law.

The judicial (?unit) on 17 May sentenced two businessmen who had invested in and conducted trade with the mainland to 3 and 1/2 years' imprisonment.

**Defense Budget for Mainland Work Trimmed**  
*OW2305003088 Taipei Domestic Service in Mandarin*  
2300 GMT 18 May 88

[From the "National Hookup" program]

[Text] The question of whether the mainland work expenses in the national defense budget should be reduced gave rise to a heated discussion at a meeting held 18 May by the sixth budget group of the Legislative Yuan. The meeting finally decided to trim the budget for these expenses by 80 million New Taiwan dollars.

**Taiwan Not To Attend 1989 ADB Meeting in Beijing**  
*OW2305070488 Taipei International Service*  
in English 0200 GMT 19 May 88

[Text] Foreign Ministry Adviser Hsueh Yu-chi said Tuesday evening that it is unlikely the ROC [Republic of China] will attend the annual Asian Development Bank Conference next year. The meeting will be hosted by the Chinese Communists in Peking. The communist flag will be hoisted and a Chinese Communist official will serve as the meeting's chairman. In this sense, he said, it would be difficult for the ROC to protect its rights at the meeting. Central Bank Governor Chang Chi-cheng also made a similar comment.

**Civil Air Reciprocation Expected From U.S.**  
*OW2305045688 Taipei CNA in English 0237 GMT*  
23 May 88

[Text] Taipei, May 23 (CNA) — The Civil Aeronautics Administration [CAA] of the Republic of China said last Saturday it has agreed to allow the United Airlines of the United States to handle its own ground service operations at Chiang Kai-shek International Airport near Taipei for six months on a trial basis, starting May 22.

To reciprocate the ROC's decision, the U.S. Government is expected to refrain from considering a suspension of the right of the China Airlines, the ROC's flag carrier, to handle its ground services at five U.S. airports, a CAA official said.

The CAA will review the decision after the six-month trial period and make a final decision on whether United Airlines should be allowed to continue such operations.

United Airlines, the largest airline in the free world, started its Taipei flight in 1986. Since then it has been seeking the right of handling its ground service in Taiwan.

**Legislator Opposes Buying Korea-Made Ships**  
*OW2105070688 Taipei CNA in English 0322 GMT*  
21 May 88

[Text] Taipei, May 21 (CNA) — A legislator Friday voiced strong opposition to the Ministry of National Defense plan to purchase six frigates from South Korea, saying the plan goes against the government's policy to independently develop and build the military ships the Republic of China [ROC] needs.

It was recently reported that the Navy, under a plan code named "Kwanghwa," is seriously considering ordering six frigates from a South Korean shipbuilder. Under the proposed deal, the reports said, two of the ships would be built in a Korean shipyard and the remaining four would be built by China Shipbuilding Corp. in Kaohsiung with technological assistance from the Korean shipbuilder.

The legislator, Chang Shih-liang, said he is opposed to the purchase plan because it violates the government's established policy to develop the ROC's own warship-building capabilities and because many experts have claimed that the design and functioning of the Korea-made frigates will not meet the navy's needs.

The Defense Ministry should directly award the contract to China Shipbuilding because this will not only help promote the state-run shipbuilders' shipbuilding capabilities but will also contribute to solving the serious financial crisis which the company has faced for years.

**Taiwan, ROC, Brazil Seen Dominating World Steel**  
*OW2305091288 Taipei CNA in English 0251 GMT*  
23 May 88

[Text] Kaohsiung, Southern Taiwan, May 23 (CNA) — Raising steel production by the Republic of China [ROC], South Korea and Brazil is gradually allowing them to dominate the world's steel markets as advanced nations' raw steel output stagnates or decreases, a market survey report by China Steel Corp. indicates.

The report says as demand for steel in advanced countries has declined and their output stagnated, the newly industrialized countries [NIC] have been expanding their production capacity to meet world demand.

Steel exports by the three NIC's to advanced countries have been steadily increasing in recent years while industrialized countries have been forced to cut their share in world markets, the report noted.

With ROC, South Korea and Brazil rapidly expanding production capacity, they are expected to take the lion's share of the world's steel markets formerly held by industrialized countries, the report concludes.

**Salvadoran President Meets With Foreign Minister**  
*OW2105064888 Taipei CNA in English 0345 GMT*  
21 May 88

[Text] San Salvador, May 20 (CNA)—Salvadoran President Jose Napoleon Duarte said Friday that El Salvador maintains staunch friendship with the Republic of China [ROC].

President Duarte made the remarks when receiving ROC Foreign Minister Ting Mou-shih at the presidential office. He affirmed that to maintain the solid friendship with the ROC is the consent [as received] of the Salvadoran people and this stance will not be changed.

Duarte told Minister Ting both the Salvadoran Government and people are grateful to the ROC for the assistance she has given. He also expressed admiration for the progress made by the ROC in all aspects, especially in the economic field, and expected that the two nations increase cooperations.

The president said his government welcomes ROC businessmen to make investment in El Salvador, which is an effective way for strengthening the economic relations between the two countries.

In response, Ting said the ROC much appreciates the friendship with El Salvador. The ROC government is encouraging Chinese entrepreneurs with incentive measures to make investments abroad, especially in friendly nations, he added.

Ting revealed that the ROC Government has decided to establish a one billion U.S. dollar fund for the development of overseas economic cooperation to help friendly nations develop their economy. He said he will encourage Chinese investors to visit El Salvador when he returns home.

During the meeting, Ting also presented a personal letter of ROC President Li Teng-hui to the Salvadoran chief of state and conveyed him, on behalf of President Li, hearty regards to President Duarte.

In the name of President Li, Ting extended an oral invitation to President Duarte for visiting the ROC. The president said in response that he would like to tour such an admirable and friendly nation and expects to do it at an opportune moment.

**Salvadoran Vice President To Visit in May**  
*OW2205142488 Taipei CNA in English 1452 GMT  
21 May 88*

[Text] San Salvador, May 20 (CNA)—Salvadoran Vice President Rodolfo Castillo Claramount will visit the Republic of China (ROC) May 24-31.

Castillo will leave for Taipei Sunday and is scheduled to arrive there next Tuesday to start his week-long goodwill visit.

In an interview with CNA, Castillo said that although he had never visited the ROC, he knows that the ROC has made great efforts in reaching the goal of democracy and can serve as an example for El Salvador.

The vice president also said he wants to see how the ROC has achieved great progress in economic development.

The cordial relations between the two countries can be further cemented through economic and technical cooperation and cultural exchanges, he said.

Castillo said his visit to Taipei will be of a political nature. He will not deal with commercial and industrial matters during the trip, he added.

The Salvadoran vice president will be accompanied by his wife Carmen Castillo and a daughter on the visit.

**New Guatemalan Envoy Presents Credentials**  
*OW2105101388 Taipei CNA in English 1447 GMT  
20 May 88*

[Text] Taipei, May 20 (CNA) — The new Guatemalan ambassador to the Republic of China, Carlos Oriol Jimenez Quiroa, presented a copy of his credentials to Acting Foreign Minister Stephen F. Wang Friday.

Jimenez will present his credentials to President Li Teng-hui in the next few days.

The new envoy, accompanied by Hoang Sieou-je, director of protocol of the Foreign Ministry, was warmly welcomed by the acting minister when he arrived at the ministry.

The Guatemalan ambassador arrived in Taipei Thursday night.

Jimenez, 44, has three sons and one daughter. He graduated from the architecture and literature faculties in Guatemala, and held a one-year research appointment the fine arts faculty of Chili University.



